

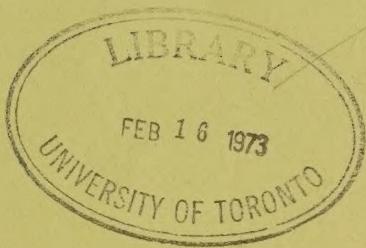
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[9-6] FOREIGN DIRECT INVESTMENT IN CANADA SINCE THE SECOND WORLD WAR



Canada

Foreign Investment Division,

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FOREIGN DIRECT INVESTMENT IN CANADA SINCE THE SECOND WORLD WARCONTENTS

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This copy has been amended in accordance with Amendment List Number 1, dated 10 April 1970. No new data have been added. The report is still based on statistics published up to the end of 1969 by the Dominion Bureau of Statistics.

NOTE

Amendment List Number 2 to this working paper was issued in November 1970. It updated many series to 1967 and one to 1969. In December 1971, Statistics Canada published Canada's International Investment Position 1926-1967. This working paper as amended should be used in conjunction with the new report.

SUMMARY

In the nineteen years from the end of 1946 to the end of 1965, the book value of foreign direct investment in Canada increased more than sixfold, from \$2,826 million to \$17,208 million. As a proportion of all private long-term investment in Canada it was 58.3 per cent at the end of 1965, compared with 39.4 per cent at the end of 1946. In the period from 1946 to 1964, controlling or affiliated interests brought in a total of \$6,971 million for direct investment; undistributed earnings increased by \$5,215 million; and other factors including new issues, retirements, borrowing, revaluations and reclassifications increased by \$990 million. During the same period, outgoing payments of interest and dividends on direct investment were \$5,730 million.

A large part of direct investment in Canada by non-residents is owned in the United States, but in recent years, the proportion has decreased. In 1965, United States direct investment in Canada was 81.0 per cent of the total from all countries compared with 85.9 per cent in 1946. The percentage owned in the United Kingdom was 11.7 per cent in 1965, compared with 11.9 per cent in 1946, and the percentage owned in all other countries was 7.3 per cent in 1965 compared with 2.2 per cent in 1946.

Direct investment by foreigners was concentrated in manufacturing and in such capital intensive industries as petroleum and natural gas, and mining and smelting. In 1965, 79.8 per cent of all direct investment by non-residents was in those industries compared with 63.6 per cent in 1946.

In 1965, the value of total domestic and foreign investment in Canada in those enterprises which were controlled in foreign countries was \$22,918 million. In 1963, it was \$20,231 million. In 1963, foreigners controlled 74 per cent of the total capital employed in the petroleum and natural gas industry, 59 per cent in other mining and smelting, and 60 per cent in manufacturing. Within manufacturing, 97 per cent of the capital employed in the automobiles and parts industries was controlled by non-residents, as was 97 per cent in rubber. About three-quarters of the capital employed in the chemical, the electrical apparatus, and the transportation equipment industries was under non-resident control.

The continuing growth of direct investment in Canada by foreigners has been accompanied by a rise in interest and dividend payments. In 1965 they

were \$581 million compared with \$147 million in 1946. In 1965, 88.8 per cent of interest and dividend payments went to the United States, 7.4 per cent to the United Kingdom and 3.8 per cent to all other countries.

Net capital inflows were \$610 million in 1968, compared with \$40 million in 1946.

The economic impact of the composition of foreign ownership is discussed in Chapter IV, Analysis of the distribution of foreign ownership.

All data relating to the capital account of the balance of payments may be found in the Annual Statement on Capital Movements, International Monetary Statistics, published by the U.S. Department of Commerce, Bureau of Economic Analysis. It is also contained in the Economic Report to Congress, which is issued annually by the

NOTES

Investment Guide Number 3 for 1970 entitled "Capital Flows in 1969" was issued in November 1970. It reported long series from 1947 and one to 1967. In December 1971, Statistics Canada published Canada's International Investment Position 1956-1967. This preceding paper on banking should be used in conjunction with the new report.

I. INTRODUCTION

This report reviews the growth of foreign direct investment in Canada since the Second World War. It is based on the statistics published up to the end of 1969 by the Dominion Bureau of Statistics, in connection with the balance of payments.

An essential initial step was to consolidate in a standard format a number of statistical series which have been published in various sources over the past two decades. The main tables are given in Annex A. The introduction to that Annex describes the series.

The concepts used in the preparation of the data are reviewed in Chapter II. Analysis of the data is carried out in the remainder of the text.

All data sources used in this report are Canadian. In the case of U.S. investment in Canada, United States sources also publish statistics. These U.S. data were the subject of another report "United States Direct Investment in Canada As Reported by U.S. Sources 1946-1966" of June 1969.

NOTE

Amendment List Number 2 to this working paper was issued in November 1970. It updated many series to 1967 and one to 1969. In December 1971, Statistics Canada published Canada's International Investment Position 1926-1967. This working paper as amended should be used in conjunction with the new report.

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II. CONCEPTS AND DEFINITIONS

The purpose of this Chapter is to describe the concepts used by the Dominion Bureau of Statistics in the preparation of data on foreign direct investment for use in conjunction with the balance of payments.

Book Value of Investment^{1/}

The basis for the valuation of international investments in Canada, whether they are classified as direct, portfolio or miscellaneous, is book value. The term book value of investment as used by DBS refers to the depreciated value as carried by companies in their books. It is "the value shown in the balance sheets for the different securities of the companies concerned. In the case of capital stock this is the value at which the stock is shown among the liabilities plus surpluses or less any deficits which may exist. These surpluses will include any capital surplus as well as earned surpluses. The resulting value is the total of the assets less specific reserves set aside, such as those for depreciation and depletion, and less other liabilities which the company may have. In effect, consequently, this is a measure of the equity which shareholders have in the depreciated value of the assets".

One consequence of using book values is that in a period of rising prices such values could well be less than market or replacement values.

DBS also says that "for most purposes of analysis, the series of foreign investment must be limited to foreign investment as it relates to the Canadian economy, or in other words to foreign investment in Canada. But many of the companies in which foreign ownership is significant have important subsidiaries or branches abroad. These external assets are eliminated from the series on foreign investment in Canada through deduction proportionately to the ownership of the common stock".

Foreign-Controlled Enterprise^{2/}

One of the first steps in measuring direct investment is to determine which enterprises are controlled abroad. Once the foreign-controlled enterprises have been identified, they are used as the statistical base for calculating direct investment.

A foreign-controlled enterprise is described by DBS as follows:

"In general an enterprise is considered to be foreign controlled if 50 per cent or more of its voting stock is known to be held in one country outside Canada. The group is modified by the addition or deletion, as appropriate, of concerns where it is believed that because of the distribution of the stock, effective control is held with less than 50 per cent of the voting stock. (Since complete knowledge of the share owners may not be available the classification of borderline cases involves a measure of judgement based upon all the known factors which could be relevant). The enterprise includes all the corporations over which the group itself is in a position to exercise control. The concept of control which has been adopted is, therefore, one of potential control through stock ownership, and the degree, if any, of local autonomy permitted in practice by the owners is not relevant.

An exception is made in respect of companies established for the purpose of making portfolio investments in Canada. These have not been treated as foreign controlled regardless of their ownership since they do not in fact give rise to any measure of 'control' over Canadian industry".

Statistics on foreign control can change sharply if control of an existing enterprise is acquired directly from residents by a foreign corporation or group of owners. Furthermore, substantial shifts can occur as a result of the introduction to Canada of a relatively small amount of capital if this, when added to previous foreign investment, causes an enterprise to pass from resident to non-resident control.

Direct Investment^{3/}

The term direct investment as used in Canadian statistics refers to two different statistical concepts. They differ both as to the nature of the concepts and as to their data bases.

In statistics of the international investment position, direct investment refers to the book value of direct investment, usually at the end of the year. It "covers that part of total long-term investments in Canada in foreign-controlled companies which has been provided by all the residents of the country in which control is deemed to lie".^{3/}

In balance of payments statements, the term direct investment refers to the net flow of capital into Canada for direct investment during a quarter or a year. Cover is confined to flows which affect the investment of controlling or affiliated interests.^{4/} Investment by other residents of the country of control is not included.

In this paper, the term direct investment will be used to refer only to the book value concept as used in statistics of the international investment

position. The term net capital flow for direct investment will be used to refer to the capital flows included in balance of payments statements.

Book Value of Direct Investment

This is the direct investment component of the book value of investment.

Net Increase in Book Value of Direct Investment

This is the change in book value of direct investment from one year's end to the next.

Net Capital Flow For Direct Investment

In this paper, the term net capital flow for direct investment is used to refer to the net flow of capital into Canada for direct investment during a quarter or a year. This concept appears in DBS statements on the balance of payments, where it is referred to as direct investment. See the entry above under "Direct Investment".

Direct Investment Gross Inflows^{5/}

Direct Investment Gross Outflows^{5/}

These terms are used only in successive versions of a special table which shows direct investment in Canada by the United States. The concepts covered are not defined explicitly, but the types of transactions involved are indicated in the following description by DBS of foreign direct investment in Canada:

"Capital movements for direct investment include a great variety of transactions, large and small, inwards and outwards, recurring and non-recurring. They include funds to finance capital formation in Canada involving the use of Canadian labour, machinery and equipment. They include the financing of machinery and equipment imported from outside Canada, ranging from small components to massive installations of custom built equipment. They include the acquisition from residents of existing assets, such as land, or buildings, or going concerns. They include the provision of basic working capital necessary to finance normal inventory investment, receivables from customers, etc. While some parent companies are supplying additional capital to finance expansion in Canada, others find that the funds generated in Canada from earnings, depreciation, etc. are greater than their foreseeable needs in this country and there is always some significant return of capital from Canada".

Net Capital Inflow For Direct Investment^{6/}

The term appears in a table which shows the "estimated constituents in the value of foreign direct investment in Canada". It appears to be synonymous with the term direct investment as used in balance of payments statements (the same as net capital flow for direct investment).

Net Capital Movements^{7/}

This term is used in connection with a special table which shows capital movements from the United States into Canada for direct investment. It is the capital flow to direct investment enterprises by controlling or affiliated interests and other residents in the U.S. It thus has a broader statistical base than net capital flow.

The same type of presentation is not published for capital flows into Canada from all countries, and it is not possible from published data to derive a corresponding figure for net capital movements into Canada from all countries.

Earnings

These appear to be profits earned by unincorporated branches in Canada of foreign companies (apart from insurance companies), profits of subsidiaries, and inter-company payments of interest on funded debt (less corporate taxes).

Interest and Dividend Payments on Direct Investment^{8/}

The statistical base for interest and dividend payments on direct investment is greater than that for the book value of direct investment. DBS explains this in a broader context as follows:

"Figures included in the income account do not correspond precisely with statistics on non-resident investments in Canada. The latter data are net of investments located abroad appearing in the balance sheets of companies in Canada. On the other hand interest and dividend payments are based on total transactions in these forms by Canadian companies regardless of whether the income was earned in Canada or elsewhere".

A series for dividend payments is published separately from total interest and dividends. "Dividends on direct investment paid by public companies controlled abroad include dividends remitted to all shareholders in the country of control, while the dividends paid by the same companies to minority shareholders resident elsewhere abroad are classified as returns on portfolio investment". Dividend payments on direct investment include the net profits earned by unincorporated branches in Canada of foreign companies, apart from insurance companies, whether they are actually paid out or not.

DBS does not publish a series on interest paid on direct investment in Canada. When discussing income paid abroad, it is stated that "inter-company payments of interest on funded debt, modest in total, are embodied in

the interest item".

Industrial Classifications^{9/}

The industrial classifications used by DBS in studies of international investment are of a special nature. The firm is classified not according to the type of business in which it is engaged but according to the principal activity of the corporation to which it is affiliated.

In describing industrial classifications DBS states that

"the book value series in statistics of international investment in corporations are generally derived from consolidated balance sheet data of the ENTERPRISES in Canada. (Enterprises are defined broadly as firms or aggregation of firms under common ownership and financial control). As a result the entire investment in Canada of a corporation together with its subsidiaries is normally attributed to their principal activity. Moreover a company established to provide facilities for a particular enterprise is normally classified with it. These two principles have far-reaching effects on figures for some industrial sub-divisions.

As an example of the first, railway subsidiaries established by mining companies, primarily to provide transportation of their output, are included as investment in the category OTHER MINING AND SMELTING in preference to the railway category. Under the second principle, companies established in connection with the lease-back of service station properties are shown with PETROLEUM AND NATURAL GAS, and companies established to provide specific chain or department store properties are included with MERCHANDISING".

Notes:

- 1/ Canada's International Investment Position, 1926-1954, DBS, Ottawa, 1956, pages 65-67.
- 2/ The Canadian Balance of International Payments 1961 and 1962 and International Investment Position, DBS, Ottawa, August 1964, pages 96-97.
- 3/ The Canadian Balance of International Payments 1961 and 1962 and International Investment Position, DBS, Ottawa, August 1964, pages 96-97
- 4/ The Canadian Balance of International Payments 1960 and International Investment Position, DBS, Ottawa, March 1962, page 35.
- 5/ The Canadian Balance of International Payments 1960 and International Investment Position, DBS, Ottawa, March 1962, page 35
- 6/ The Canadian Balance of International Payments 1963, 1964 and 1965 and International Investment Position, DBS, Ottawa, August 1967, page 113.

- 7/ The Canadian Balance of International Payments 1963, 1964 and 1965 and International Investment Position, DBS, Ottawa, August 1967, page 112.
- 8/ The Canadian Balance of International Payments 1961 and 1962 and International Investment Position, DBS, Ottawa, August 1964, page 18.
- 9/ The Canadian Balance of International Payments 1960 and International Investment Position, DBS, Ottawa, March 1962, page 55.

III. LONG-TERM INVESTMENT IN CANADA BY FOREIGNERS

Direct investment is a major component of long-term investment by foreigners. It will be discussed first in this broader context, in order to put it in perspective.

For statistical purposes, long-term investment in Canada by foreigners falls into three broad categories; direct investment, portfolio investment and miscellaneous investment. Direct investment has been defined in Chapter II. Portfolio investments are scattered minority holdings of public issues of Canadian stocks and bonds. Since ownership is widely distributed, this group of investments does not usually give rise to non-resident control of Canadian business. Miscellaneous investments are very much like portfolio investment and are made up of holdings of securities by private investment companies in Canada on behalf of non-residents. They include estate and trust funds, and real estate and mortgages.

Table CD-1 shows the book value of long-term investment in Canada by foreigners from 1946 to 1965, with a breakdown by direct, portfolio and miscellaneous investments.

The book value of long-term investment increased from \$7,178 million at the end of 1946 to \$29,507 million at the end of 1965. This was an increase of 311 per cent, or an average annual rate of growth of 7.7 per cent.

The book value of direct investment rose from \$2,826 million in 1946 to \$17,208 million in 1965, an average annual rate of growth of 10.0 per cent. The book value of portfolio investment rose from \$4,070 million in 1946 to \$10,128 million in 1965, an average annual rate of growth of 5.0 per cent. The book value of miscellaneous investment rose from \$282 million in 1946 to \$2,171 million in 1965. Up to the end of 1951, portfolio investment was greater than direct investment, but since then direct investment has been greater, and the gap has widened steadily.

Direct investment rose from 39.4 per cent of all long-term investment at the end of 1946 to 58.3 per cent at the end of 1965. During the same period, miscellaneous investment rose from 3.9 per cent to 7.4 per cent, and portfolio investment fell from 56.7 per cent to 34.3 per cent.

IV. VALUE OF DIRECT INVESTMENT BY COUNTRY OF OWNERSHIP

As shown in Chapter III, direct investment by non-residents rose from \$2,826 million in 1946 to \$17,208 million in 1965. This was an average annual rate of increase of 10.0 per cent.

Table IV-1 below shows the annual rate of growth of direct investment in Canada from 1947-1965. The most rapid period of growth occurred between 1951 and 1957, during which period the annual rate varied between 12.7 and 15.4 per cent. After 1957 the rate of growth fluctuated downward to 5.3 per cent in 1963. The apparent low point of 2.9 per cent which was reached in 1964 was partly the result of a statistical reclassification. In 1965 the annual rate of growth was 8.3 per cent.

TABLE IV-1
ANNUAL RATE OF GROWTH OF DIRECT INVESTMENT
IN CANADA, 1947-1965

Year	Rate of growth per cent
1947	5.7
1948	9.5
1949	9.7
1950	10.8
1951	13.7
1952	15.4
1953	15.0
1954	12.7
1955	14.3
1956	14.8
1957	14.2
1958	7.4
1959	9.4
1960	8.1
1961	6.7
1962	6.7
1963	5.3
1964	2.9
1965	8.3

Source: Computed from Table CD-1

Table CD-37 relates the value of direct investment to the gross national product. This relationship of a total value to an annual flow of income gives a general measure of orientation, and also assists in grasping the magnitude of a hypothetical operation such as buying back the foreign-controlled industries. For orientation on the general implications for the balance of payments, the relationship between two flows, such as income payable

abroad and net domestic product, would be more appropriate. Such a relationship is discussed later in Chapter VIII.

Direct investment fluctuated down from 23.8 per cent of G.N.P. in 1946 to 21.5 per cent in 1951. The percentage then rose each year to 1961, when direct investment reached a peak at 35.2 per cent of G.N.P. It then decreased each year to 1965, when it was 31.3 per cent.

Table CD-2 shows how much of the book value of direct investment from 1946 to 1965 was attributable to investment by the United States, the United Kingdom and other countries.

The geographical breakdown has a discontinuity in 1960, when the statistical treatment of some international groups of companies was changed to reflect more closely their ultimate corporate ownership. The net effect was to reduce the value of direct investments owned in the U.S., and to increase the value of those owned by residents of the United Kingdom and other overseas countries.

In 1965, as was the case in each year during the period under review, direct investment owned by residents of the United States made up the largest part of all foreign direct investment in Canada. The U.S. total was \$13,940 million compared with \$2,428 million in 1946, an increase of 574.1 per cent and an average annual increase of 9.6 per cent. In 1965, residents of the United Kingdom owned direct investments in Canada of \$2,013 million compared with \$335 million in 1946. Residents of all other countries owned direct investment in Canada of \$1,255 million in 1965 compared with \$63 million in 1946.

Table CD-2A shows the percentage distribution of book value of direct investment in Canada by foreigners by country of ownership from 1946 to 1965.

The proportion of direct investment in Canada owned in the United States is far greater than that owned in any other country. In 1946 the share was 85.9 per cent, it reached a peak of 86.8 per cent in 1952 but declined thereafter and was 81.0 per cent at the end of 1965. The share owned in the United Kingdom has remained relatively steady. It was 11.9 per cent in 1946, fell to 10.2 per cent in 1953 and was 11.7 per cent in 1965. The share for all other countries has increased in importance, from 2.2 per cent of all foreign direct investment in Canada in 1946 to 7.3 per cent in 1965.

- 1 -

Table CD-3 shows the book value of direct investment in Canada owned by residents of countries other than the United States and United Kingdom, biennially from 1955 to 1965.

In 1965, residents of the Netherlands had the third largest amount of direct investment in Canada after residents of the United States and the United Kingdom. The value was \$335 million. The increase from \$9 million in 1955 was partly due to the changed statistical treatment of some big international companies in 1961. Other large direct investments in 1965 were held by residents of Belgium, \$220 million; Switzerland, \$189 million; France, \$177 million; and Germany, \$135 million.

TABLE IV-2

PERCENTAGE DISTRIBUTION OF DIRECT INVESTMENT IN CANADA BY COUNTRIES OTHER THAN THE UNITED STATES AND THE UNITED KINGDOM, SELECTED YEARS
1946-1965

(per cent of investment by all countries)

Year	OECD Europe (excluding Sterling Area)	Sterling Area (excluding U.K.)	Other countries	Total
1946	..	..	..	2.2
1952	..	..	..	2.8
1955	3.7	0.2	0.3	4.2
1957	4.3	0.2	0.4	4.9
1959	4.4	0.3	0.4	5.1
1961	5.5	0.3	0.3	6.1
1963	5.6	0.2	0.3	6.1
1965	6.5	0.5	0.3	7.3

.. Not Available.

V. TOTAL INVESTMENT IN FOREIGN-CONTROLLED ENTERPRISES

The first step in collecting statistics on the book value of direct investment is to identify the business enterprises which are under foreign control. The second step is to measure the investment in them of the foreign controllers and of other residents in the country of control. Not all of the investment in foreign-controlled enterprises necessarily belongs to the foreign controllers, or even to them and other residents of their countries. Where control is obtained through the ownership of a part of the shares or other equity, there are naturally other owners.

Total investment in the foreign-controlled enterprises includes any minority Canadian investment in the enterprises in question, and any foreign portfolio investment. It is thus greater than direct investment.

In terms of the balance of payments, direct investment is more important than total investment in foreign-controlled enterprises. The balance of payments is affected by flows of funds inwards for investment and outwards for payment of dividends and interest. For certain types of analysis of the economy as a whole, investment controlled abroad is more important. The decisions of those who control the investment affect the allocation of all of the resources of the enterprises concerned, including the portion owned in Canada or in third countries.

Table CD-12 shows the book value of investment in Canadian enterprises controlled abroad, biennially from 1955 to 1965. For 1963 and 1965, separate figures are given for the United States, the United Kingdom and all other countries. The statistics for other countries are broken down in more detail in Table CD-13, which covers alternate years from 1955 to 1965.

At the end of 1965, the book value of investment in Canada in enterprises controlled abroad was \$22,918 million, up 13.3 per cent from \$20,231 million at the end of 1963. In 1965, the book value of investment in enterprises controlled in the United States was \$17,393 million compared with \$15,956 million two years earlier, up by 9.0 per cent. The book value of investment controlled in the United Kingdom was \$3,618 million in 1965 compared with \$2,876 million in 1963, up by 25.8 per cent. For all other countries it was \$1,907 million in 1965 compared with \$1,399 million in 1963, up

by 36.3 per cent.

In 1965 residents of the Netherlands controlled more investment in Canada than residents of any other country except the United States and United Kingdom. Total investment controlled from the Netherlands was \$417 million. Other countries whose residents controlled substantial amounts of investment in Canada in 1965 were France, \$367 million; Belgium and Luxembourg, \$366 million; Switzerland, \$256 million and Germany, \$198 million.

TABLE V-1

PERCENTAGE DISTRIBUTION OF TOTAL INVESTMENT IN ENTERPRISES
CONTROLLED ABROAD, BY AREA OF CONTROL, 1963 AND 1965

Area of control	Per cent of total controlled	
	1963	1965
United States	78.9	75.9
United Kingdom	14.2	15.8
OECD countries (exc. Sterling Area)	6.4	7.5
Sterling Area (exc. U.K.)	0.3	0.5
Other countries	0.2	0.3
Total	100.0	100.0

Table V-1 above shows that, out of investment in Canada controlled abroad, the share controlled by residents of the United States fell from 78.9 per cent in 1963 to 75.9 per cent in 1965. During the same period, the share controlled by residents of the United Kingdom rose from 14.2 per cent to 15.8 per cent, and the share controlled by residents in OECD countries excluding the Sterling Area rose from 6.4 per cent to 7.5 per cent.

Table V-2 below relates the value of foreign direct investment in Canada to the total value of investment in foreign-controlled enterprises. The excess of investment controlled in a country over the value of direct investment by that country is the value of investment provided by Canadians and residents of third countries.

TABLE V-2

BOOK VALUE OF FOREIGN DIRECT INVESTMENT IN CANADA
AND VALUE OF INVESTMENT CONTROLLED, BY AREA,
YEAR END 1965

Country of ownership or control	Owning	Controlled	Difference (2) - (1)	Controlled as per cent of owned
	Millions of dollars	Millions of dollars	Millions of dollars	Per cent
	(1)	(2)	(3)	(4)
Total	17,208	22,918	5,710	133
United States	13,940	17,393	3,453	125
United Kingdom	2,013	3,618	1,605	180
Sterling area in Western Hemisphere	49	62	13	126
Other sterling area	35	60	25	171
Subtotal, sterling area	2,097	3,740	1,643	178
Belgium and Luxembourg	220	366	146	166
Denmark	13	13	0	100
France	177	367	190	207
Germany	135	198	63	147
Netherlands	335	417	82	124
Sweden	35	73	38	209
Switzerland	189	256	67	135
Other OECD (Europe)	16	22	6	138
Subtotal, OECD countries in Europe (other than sterling area)	1,120	1,712	592	153
Latin American countries	24	32	8	133
Other countries	27	41	14	152

In 1965, the value of investment controlled abroad was \$22,918 million compared with \$17,208 million owned in the country of control. The value of investment by Canadians and by residents of third countries in enterprises controlled abroad in 1965 was \$5,710 million. Residents in the foreign countries in which control lay thus controlled investments in Canada which were 33.2 per cent larger than the amount of their own investment.

Turning to individual countries, there were wide divergences in the relationship between the amount of investment controlled and the amount of investment owned. Residents of Sweden and France controlled more than twice as much investment as they directly owned (208.6 per cent and 207.3 per cent respectively). Other countries whose residents controlled at least a third more investment in Canada than they directly owned were the United Kingdom (179.7 per cent), Belgium and Luxembourg (166.4 per cent), Germany (146.7 per

cent) and Switzerland (135.4 per cent). Among the countries controlling less than a third more investment than they directly owned were the United States (124.8 per cent), the Netherlands (124.5 per cent), and Denmark which controlled the same amount of investment as it owned.

VI. EARNINGS ACCRUING FROM DIRECT INVESTMENT

So far, only the book value of investments at a given point of time has been considered. There are, of course, annual flows associated with these accounting totals. The foreign investors have earnings, some of which they retain in Canada and some of which they withdraw. There are also annual flows of capital in and out.

Table CD-18 shows the estimated total earnings which accrued to foreign countries of control from 1946-1965. These were profits of subsidiaries; profits earned by unincorporated branches in Canada of foreign companies, other than insurance companies; and inter-company payments of interest on funded debt, less corporate taxes.

In 1964, earnings were \$1,075 million, an increase of 385 per cent over the \$279 million in 1946. In the six-year period from 1946 to 1952 earnings doubled, reaching \$556 million in 1952. Over the next twelve years earnings did not quite double, being \$1,075 million in 1964. The last four years showed a strong upward trend.

After money has been earned, the Canadian subsidiary or its foreign controller has to decide how much of it should be paid out, and how much retained. In the case of interest on debt, the amount to be paid is determined by the contracts under which the debts were incurred. In the case of profits, the owners of the business have a choice between paying dividends and keeping the earnings within the firm. If dividends are paid out, most of the money goes to the shareholders, but some of it is held back for paying the tax on dividends distributed.

Table CD-18 breaks down total earnings into undistributed earnings and two components of the distributed portion. Once a decision has been made to distribute income, the question of withholding tax arises, because a special withholding tax is levied on income payable to foreigners. The remitted income shown in Column 2 is the amount of distributed income which goes to the foreign investor. It is the same as the total of interest and dividend payments in Table CD-19. The allowance for withholding taxes shown in column (3) is the amount of payments withheld from the foreign investors to pay the tax.

Throughout the period covered, the general rate of withholding tax was 15 per cent. Up to 1960, a reduced rate of 5 per cent was levied on dividends paid to a non-resident parent corporation which owned all of the voting shares of the Canadian company. Late in 1960, this reduced rate was abolished. In 1963, a reduced rate of 10 per cent was established for firms which met three requirements;— their shares were listed on a Canadian stock exchange, their voting stock was not more than 75 per cent owned by non-residents, and at least one-fourth of their directors were residents.

The allowance for withholding taxes in 1965 was \$58 million compared with \$12 million in 1946. Part of this increase reflects the growth in distributed income and part the increased rate of tax. Allowance for tax doubled between 1946 and 1950, reflecting the rapid increase in distributed income during that period. From 1951 to 1960 the total changed much less. In 1961 the allowance doubled to \$57 million from \$28 million in the previous year, reflecting in part the higher tax rate. Since 1961 the allowance for tax has remained at about this higher level.

Table CD-18A is derived from Table CD-18. It shows remitted income, allowance for withholding taxes, and undistributed earnings, as percentages of the estimated earnings which accrued to foreign countries of control.

The annual percentage of earnings remitted abroad ranged from 39.9 per cent to 63.8 per cent. From 1946 to 1951, remitted income was more than half of the earnings associated with direct investment. From 1952 to 1957 it was less than half in any year. In 1958 remitted income rose sharply to 56.8 per cent of earnings, and it was more than half in four of the next six years.

Undistributed earnings are an important source of corporate financing and have been a significant factor in the rapid growth of direct investment in Canada. From 1946 to 1951 undistributed earnings were, in general, around 40 per cent of earnings. From 1952 to 1957 the proportion of earnings retained in Canada ranged between 52.6 and 56.1 per cent. Since 1958 the proportion of earnings retained in Canada by all enterprises controlled abroad has been less than half.

The wide variation in the percentage of earnings paid abroad, and consequently the proportion of earnings which were retained, may reflect the range of choice open to the management of an international enterprise as to where the cash available from a controlled company can be best employed in the

enterprise as a whole.

Over the nineteen years from 1946 to 1964, earnings which accrued to foreign countries of control totalled \$11,489 million. Of this, \$5,730 million or 49.9 per cent was paid out in interest and dividends; the allowance for withholding taxes was \$544 million or 4.7 per cent of earnings; and \$5,215 million or 45.4 per cent remained in the business as undistributed earnings.

VII. RATES OF RETURN

The rate of return on capital is a significant indicator of the economic effectiveness of past investment, and of incentive to future investment. It is easier to analyze in the case of a specific investment project than in the case of overall statistics. The only overall indicator which it is possible to develop from existing published statistics is the crude ratio of earnings to book value of direct investment. This is presented from 1946 to 1964 in Table VII-1 below.

TABLE VII-1

BOOK VALUE, EARNINGS AND RATE OF RETURN ON DIRECT INVESTMENT IN CANADA, 1946-1964

Year	Book value of direct investment at beginning of year (millions of dollars)	Earnings (millions of dollars)	Rate of return $\frac{(2)}{(1)} \times 100$
			(per cent)
(1)	(2)	(3)	
1946	2,713	279	10.3
1947	2,826	323	11.4
1948	2,986	348	11.7
1949	3,270	407	12.4
1950	3,586	484	13.5
1951	3,975	485	12.2
1952	4,520	556	12.3
1953	5,220	544	10.4
1954	6,003	532	8.9
1955	6,695	635	9.5
1956	7,728	736	9.5
1957	8,868	789	8.9
1958	10,129	597	5.9
1959	10,880	739	6.8
1960	11,906	626	5.3
1961	12,872	693	5.4
1962	13,737	755	5.5
1963	14,660	886	6.0
1964	15,434	1,075	7.0

Source: Column (1) 1946

Canada's International Investment Position 1926-1954, DBS, Ottawa, February 1956, Table VI.A, page 80.

1947-1964 Table CD-2 (Note: data in column (1) are for beginning of year, data in Table CD-2 are for the end of the year)

Column (2)

Table CD-18

When interpreting these data, care should be taken to allow for factors which may distort the ratios. The main factors are three: the structure and timing of industrial development, the business practices of the international enterprise, and the statistical problem of evaluation.

It is in the nature of investment that large expenditures may be required before any income is earned. In Canada this applies especially to the resource industries. Because of this, rates of return may be low in years where there is heavy outlay of capital on projects which are not yet yielding any earnings. This type of effect is inherent in the nature of investment, and is likely to be observed in any series of overall ratios.

Within the international enterprise, it is believed that parent companies provide their subsidiaries with "substantial amounts of long-term capital in the form of term or demand notes or even an open account. Sometimes the major part of the investment takes this form. In the case of some companies these obligations carry interest at normal rates, but in the case of others they are interest free".^{1/} In so far as rates are lower than would be the case in "arm's length" transactions, the rate of return will be genuinely lower than it might otherwise have been. The statistics here reflect an actual situation, so the phenomenon is not a result of statistical bias.

The data base for earnings is broader than that for direct investment. Statistics on the book value of direct investment exclude investments located abroad which appear in the balance sheets of companies in Canada. Statistics on earnings, however, cover all transactions by foreign-controlled companies regardless of whether or not the earnings arose from Canadian operations. Thus, to express earnings as a percentage of the value of direct investment imparts an upward bias to the rate of return.

The Canadian statistics tend to undervalue direct investment, because it is taken at book value rather than at market value. Because the value of direct investment is understated, the ratio of earnings to investment tends to be biased upwards. Furthermore, DBS states that "there are some grounds for believing that the wholly owned subsidiaries often tend to carry assets at a more conservative figure than do public companies."^{1/} If this is so, the downwards bias on book values will be greater in the case of direct

investment than in series for total investment in Canadian industry. Thus the upwards bias on rates of return for direct investment could be greater than that for returns on all investment.

To sum up, the rates of return shown in Table VII-1 may tend to be lower than those for investment in general because of the nature of transactions in the international enterprise. This is a genuine observed difference. The rates will also tend to be low in the short run when heavy investment is occurring. This is a genuine observed difference which is inherent in any overall measurement of rates of return. Against these two factors must be balanced the fact that the rates of return contain two types of upward bias, because of the statistical techniques used in preparing the data from which they are derived.

The indicated rate of return on direct investment in the period from 1946 to 1966 ranged from 5.3 per cent to 13.5 per cent. Three general levels are observable. From 1946 to 1953 the indicated rate ranged from 10.3 per cent to 13.5 per cent. In the next four years, it was either 8.9 per cent or 9.5 per cent. From 1958 to 1964, it was lower, ranging from 5.3 per cent to 7.0 per cent.

^{1/} The Canadian Balance of International Payments, 1959 and International Investment Position, DBS, Ottawa, October 1960, page 23.

VIII. PAYMENTS OF INTEREST AND DIVIDENDS

As has been shown in Chapter VI, earnings can be broken down into four components:- interest, retained earnings, that portion of dividends paid which was sent to the shareholders, and that portion of dividends paid which was withheld for the tax collector. Of these items, two are sent out of Canada: interest, and distributed dividends net of withholding tax. Their total is given in column (2) of Table CD-18, where it is called remitted income. The other two components of earnings, retained earnings and provision for withholding tax, remain in Canada.

It is the remitted income which constitutes a drain on the balance of payments. Table CD-19 displays it again in column (1) and then shows how much of it went to the United States, the United Kingdom, and to all other countries.

The data base for interest and dividends is broader than the data base for non-resident investments in Canada. Statistics on the book value of direct investment excludes those investments located abroad which appear in the balance sheets of companies in Canada. Statistics on payments of interest and dividends, however, cover all transactions by foreign-controlled Canadian companies regardless of whether or not the income was earned in Canada. To express remitted income as a percentage rate of the value of direct investment thus gives a rate of return with an upward bias.

Interest and dividend payments abroad, in the case of subsidiary or closely held companies, do not usually follow directly on the realization of profits. The range of choice in the allocation of earnings is considerable, and decisions may be based on factors internal to the international enterprise as a whole, such as where funds can be most profitably employed within the enterprise as a whole. Factors such as investment programs, requirements for inventory and working capital, taxation, interest rates, and exchange rates may be taken into account.

Between 1946 and 1965 interest and dividend payments abroad on direct investment totalled \$6,311 million. Annual payments were somewhat erratic but there was a distinct upward trend, with payments rising to \$581 million in 1965 from \$147 million in 1946.

From 1946 to 1950 interest and dividend payments abroad rose sharply, reaching \$309 million in 1950 from \$147 million four years earlier. Payments declined during the next three years to \$217 million in 1953, but rose steadily thereafter to \$365 million in 1959.. In 1960, a lag in payments of a substantial amount of dividends by a number of Canadian subsidiaries caused the remission of interest and dividends to fall to \$318 million. In 1961, payments were \$396 million and rose to \$424 million by 1963. In 1964, an extraordinary dividend was declared by a Canadian subsidiary to its parent in the United States together with some other non-recurring dividends, and interest and dividend payments were \$562 million. In 1965, payments were slightly higher at \$581 million.

Out of the \$6,311 million of interest and dividends sent abroad from 1946 to 1965, \$5,656 million went to the United States. Payments to the United Kingdom totalled \$520 million, and payments to all other countries amounted to \$135 million. In relative terms, payments going to the United States were 89.6 per cent of the total going to all foreign countries during the period, payments to the United Kingdom were 8.2 per cent and payments to all other countries 2.2 per cent. By 1965, interest and dividend payments to the United States were 88.8 per cent of the total for all foreign countries; payments to the United Kingdom were 7.4 per cent; and payments to all other countries 3.8 per cent.

The annual pattern of payments to the United States was much the same as that for all countries, reflecting the overwhelming dominance of payments to that country in the overall total. Payments to the United States rose sharply from \$134 million in 1946 to \$292 million in 1950 and then declined to \$197 million in 1953. From 1954 on there was a steady advance, interrupted in 1960 because of the lag in payments mentioned earlier, to \$372 million in 1963. Payments increased sharply in 1964 to \$485 million because of extraordinary dividends mentioned earlier, and were \$516 million in 1965.

Annual payments to the United Kingdom were relatively small and ranged from \$11 million in 1946 to a peak of \$58 million in 1964 but fell back to \$43 million in 1965. Payments to all other countries were \$22 million in 1965 compared with \$2 million in 1946.

Statistics for the payment of interest are not published by DBS, but they can be computed from the series on payments of interest and dividends and from the series on payments of dividends, to be discussed below. Table CD-20 gives estimates of interest for all countries and for groups of countries for selected years from 1958 to 1965. For the United States alone, figures are given for selected years from 1946.

Interest payments in 1965 on foreign direct investment in Canada, were \$7 million compared with \$10 million in 1958. As a proportion of total interest and dividend payments on foreign direct investment in Canada they were 1 per cent in 1965 compared with 3 per cent in 1958. Most of the interest on foreign direct investment went to the United States.

Table CD-21 shows dividend payments on direct investment in Canada by foreigners. The table shows payments to the United States, the United Kingdom and other countries for selected years from 1958 to 1965. From 1958 to 1962 they were published in alternate years, and from then on, annually. For the United States, there are also figures for 1946, 1950 and 1953.

The figures for dividend payments are closely related to those for interest and dividend payments which are given in Table CD-19, because dividends are such a large part of the total of interest and dividend payments. For instance, in 1965, dividends made up 99 per cent of interest and dividend payments.

In 1965, the largest amount of dividends on foreign direct investment in Canada went to the United States. The total was \$510.0 million compared with \$293.2 million in 1958. Payments to the United Kingdom were \$43.0 million in 1965 compared with \$26.2 million in 1958, and payments to all other countries in 1965 were \$21.0 million compared with \$9.8 million in 1958.

Canada's ability to pay interest and dividends to foreigners will now be considered. In Chapter IV, the value of foreign direct investment was related to gross national product for general purposes of background orientation. (See also Table CD-37) In the case of an annual flow, a more direct relationship can be established with the flow of income within Canada out of which the payments must be made.

Relating income payable abroad to net domestic product at factor cost shows the percentage of domestic production which is potentially available

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to foreigners because of their earnings from direct investment. Relating remitted income to net domestic product at factor cost shows the share of domestic production which was actually available to foreigners if they wished to spend income received from direct investment in this way.

Table CD-38 shows income payable abroad on direct investment in Canada, remitted income, and net domestic product at factor cost from 1946 to 1965. Income payable abroad, as shown in column (1) is the same as earnings, as shown in column (1) of Table CD-18. Remitted income, as given in column (2), is the same as interest and dividend payments, as given in column (1) of Table CD-19. Income payable abroad (earnings) has been discussed in Chapter VI. Remitted income has been discussed earlier in this chapter. Net domestic product at factor cost was obtained by subtracting capital consumption allowances and miscellaneous valuation adjustments from gross domestic product at factor cost.

Income payable abroad as a percentage of net domestic product at factor cost in the period from 1946 to 1964 varied between 2.2 per cent and 3.3 per cent. No overall trend was evident, but the last five observations indicated a steady rise to 3.0 per cent in 1964 from the low point of 2.2 per cent in 1960.

Remitted income as a percentage of net domestic product at factor cost in the period from 1946 to 1965 varied between 1.1 per cent and 2.1 per cent. No overall trend was evident, but there was a rise from a low point of 1.1 per cent in 1960 to a peak of 1.6 per cent in 1964, followed by a slight drop to 1.5 per cent in 1965. On the whole, the drain on the balance of payments was low enough to be easily borne, although an upward trend needs to be watched.

IX. CAPITAL FLOWS FOR DIRECT INVESTMENT

It has already been noted that direct investment gives rise to flows of funds which affect the balance of payments. Among these are flows of capital. The controlling and affiliated interests bring in funds for investment in the subsidiary. These funds arrive in many forms, and are used sometimes for new capital formation and sometimes for the purchase of existing enterprises or assets. At the same time, controlling and affiliated interests (whether the same or different ones) take out funds on capital account. These may be in repayment of capital funds brought in previously, or they may be taken out because a foreign investor is withdrawing from a Canadian enterprise. The total funds coming in make up the gross capital inflow, and the total funds going out make up the gross capital outflow. The difference is the net inflow of capital.

So far as direct investment by all countries is concerned, figures are available for net capital inflow, but not for the gross inflows and outflows from which the net figures are derived. For direct investment by the United States alone, more complete series are available, which are discussed later in this chapter.

Table CD-30 shows the annual net capital flow for direct investment in Canada by foreigners by areas of control from 1946 to 1967. The table is broken down by the United States, the United Kingdom, the rest of the sterling area, other OECD Europe, and other countries. The total for all countries is published quarterly, and a total for 1968 is given in Table CD-30.

Net inflows were relatively low from 1946 to 1949, increasing from \$40 million to \$94 million. In 1950 there was a sharp increase to \$225 million and net inflows continued at a high level during the next ten years, reaching peaks of \$650 million in 1956 and \$670 million in 1960. During the next four years capital inflows fell from \$560 million in 1961 to \$270 million in 1964, the 1964 total being the lowest since 1950. According to DBS the net capital flows were interrupted in 1962 by a brief but severe exchange crisis and fell further in 1963 and 1964 because of various balance of payments measures in the United States. In 1965 net inflows rose to \$535 million, and in 1966 the total was \$790 million, the highest in the post-war period. There was a decline in 1967 to \$691 million but this total was still

sixteen times the 1946 level.

Net capital inflow from 1946 to 1966 totalled \$8,296 million. Of this, \$6,323 million or 76.2 per cent came from the United States. In the same period, the net capital inflow from the United Kingdom (including the rest of the sterling area from 1946 to 1951) was \$1,111 million or 13.4 per cent.

Net capital inflow for direct investment in Canada from OECD Europe, excluding the United Kingdom, from 1946 to 1966 was \$820 million or 9.9 per cent of the total, and net capital inflow from all other countries was \$42 million or 0.5 per cent.

In the case of investment by the United States alone, data are published for the gross investment flows from which net investment is derived. These are shown in Table CD-32. It also gives series for "other capital movements" and for net capital movements, which will be discussed later.

In 1964, gross capital inflow for direct investment from the United States was \$649 million compared with \$63 million in 1946. As new investment proceeds in lumps, large fluctuations in the annual data are to be expected. Annual totals increased from 1946, with occasional fluctuations, to a peak of \$650 million in 1960. In 1961 and 1962 the totals were just below the 1960 peak, but in 1963 gross capital inflow fell to \$493 million. In 1964 the total rose sharply to \$649 million, almost the same as in 1960.

Gross outflows were relatively small in the period from 1946 to 1954, ranging between \$8 million and \$65 million. In 1955, they rose to \$126 million and in 1957 to \$190 million. Outflows were \$141 million in 1958, rose each year to \$309 million in 1962 and declined the following year to \$273 million. In 1964 they were \$461 million.

That gross capital outflows should, in general, increase as the amount of direct investment decreases is not surprising. There is a larger quantity of mature investment to be drawn on. More surprising is a tendency for them to become a higher proportion of the book value of existing investment, as is indicated by Table IX-1 below. The last five years recorded show that gross capital outflows caused the withdrawal of a steadily increasing proportion of the total amount invested directly. In view of the considerable fluctuations observed in earlier years in the ratio of gross capital outflows

to book value of investment, more observations will be necessary before a firm conclusion can be drawn.

TABLE IX-1

GROSS CAPITAL OUTFLOW TO THE UNITED STATES AS PER CENT OF BOOK VALUE OF DIRECT INVESTMENT IN CANADA BY THE UNITED STATES,
1946-1964

Year	Gross capital outflow (millions of dollars) (1)	Book value of direct investment at beginning of year (million of dollars) (2)	Col. (1) as per cent of col. (2)
			(per cent)
			(3)
1946	25	2,304	1.1
1947	8	2,428	0.3
1948	18	2,548	0.7
1949	30	2,807	1.1
1950	43	3,095	1.4
1951	39	3,426	1.1
1952	53	3,896	1.4
1953	43	4,530	0.9
1954	65	5,206	1.2
1955	126	5,787	2.2
1956	107	6,513	1.6
1957	190	7,392	2.6
1958	141	8,472	1.7
1959	185	9,045	2.0
1960	189	9,912	1.9
1961	238	10,549	2.2
1962	309	11,284	2.7
1963	273	12,006	2.3
1964	461	12,754	3.6

Source: Col.(1) - Table CD-32

Col.(2) - 1946 -

The Canadian Balance of International Payments, 1959 and International Investment Position, DBS, Ottawa, October 1960, Table XIII, page 71.

- 1947 to 1964 - Table CD-2, transposed from year-end figures to give figures at beginning of year.

The figures for net capital inflows from the United States which are given in Table CD-32 are identical with those in Table CD-30, column (2), which have already been mentioned briefly. From 1946 to 1949, they were small, rising from \$38 million to \$84 million. In 1950, there was an abrupt increase to \$202 million, and the rise continued until 1956, when a peak of \$465 million was reached. After a decline, a secondary peak of \$461 million was reached in 1960. From 1946 to 1954, the rise was due to increased gross capital inflow, with gross capital outflow small (between \$8 and \$65 million). From 1955 to 1960, gross outflows increased at about the same relative rate as gross inflows, but by smaller absolute amounts. Net investment thus continued to increase. After

1960, gross outflows increased fairly steadily, while gross inflows declined then recovered again. The result was steadily decreasing net inflows. In 1960, a gross inflow of \$650 million was associated with a net inflow of \$461 million. In 1964, a gross inflow of \$649 million was associated with a net inflow of only \$188 million. Since it is the gross inflow which is associated with new investment, the gross figure is more important for some fields of analysis than the net. However, its use for analysis of the effects of foreign investment must be confined to the effects of U.S. investment, for which data are available.

The changing relationship between gross and net capital inflows from the U.S. is shown in Table IX-2 below.

TABLE IX-2

NET CAPITAL INFLOW FROM THE UNITED STATES FOR DIRECT INVESTMENT
IN CANADA AS PER CENT OF GROSS CAPITAL INFLOW
1946 TO 1964

Year	Gross capital inflow	Net capital inflow	Col. (2) as per cent of col. (1)
	(millions of dollars)	(millions of dollars)	(per cent)
	(1)	(2)	(3)
1946	63	38	60.3
1947	66	58	87.9
1948	79	61	77.2
1949	114	84	73.7
1950	245	202	82.4
1951	315	276	87.6
1952	376	323	85.9
1953	400	357	89.2
1954	370	305	82.4
1955	443	317	71.6
1956	572	465	81.3
1957	593	403	68.0
1958	445	304	68.3
1959	613	428	69.8
1960	650	461	70.9
1961	604	366	60.6
1962	637	328	51.5
1963	493	220	44.6
1964	649	188	29.0

Source: Table CD-32.

Once the post-war gross investment got under way, a substantial portion of gross investment was retained as net investment, being almost or greater than 70 per cent from 1947 to 1960. From then on, net investment as a proportion of the gross declined rapidly. From 70.9 per cent in 1960, it dropped to 29.0 per cent in 1964. This table indicates clearly the

limitations of a series on net inflow, if the associated gross inflows and outflows are not known. It also indicates that net inflow will not necessarily remain positive.

Table CD-32 also presents "other capital movements" and net capital movements. Other capital movements include new issues, retirements, borrowing and investment abroad affecting the total value of investment in Canada by United States residents in United States controlled enterprises. They also include classification adjustments in respect of direct investment transactions which represent significant investment in enterprises not controlled in the U.S.

Net capital movements are different from net capital inflows. Net capital inflows relate only to the investments of the controlling interests or their affiliates. Net capital movements relate not only to these, but also to the capital provided by residents in the same country as those who have the controlling interests. In this case, the United States.

In the period under review, other capital movements from the United States fluctuated erratically. From 1946 to 1951, they were small, ranging from minus \$43 million in 1946 to plus \$34 million in 1951. In 1952 there was a relatively sharp increase to \$135 million, followed by a small outflow the next year. From \$36 million in 1954 there was a sharp increase to \$269 million in 1956 and then a decline over the next four years to \$77 million. In 1961 there was a sharp increase to \$257 million and a decline over the next three years to an outflow of \$66 million in 1965.

From 1946 to 1964, net capital movements from the United States totalled \$6,663 million. Net capital movements increased rapidly from an outflow of \$5 million in 1946 to a peak inflow of \$458 million in 1952. Over the next three years the total was lower and relatively steady, ranging from \$341 million to \$380 million. In 1956 the inflow rose sharply to \$734 million and remained at a relatively high level until 1961. For the next three years the total declined and was \$122 million in 1964, the lowest since 1949.

X. CHANGES IN BOOK VALUE

In Chapter V, annual changes in the book value of foreign direct investment were mentioned, and the percentage rate of growth outlined. Two of the major contributions to this growth have since been discussed. The first is net capital inflow, or the net amount of new capital coming in from abroad. The second is undistributed earnings, or the accumulation of domestic funds by retaining profits instead of distributing them. In addition, there are other factors, which are aggregated in the Canadian statistics.

Table CD-33 shows the estimated constituents of the annual change in the book value of direct investment, from 1946 to 1967. Some of the figures in the table have appeared earlier in this paper. Column (1), net capital inflow, is the same as column (1) in Table CD-30, while column (2), undistributed earnings, is the same as column (4) in Table CD-18. Column (3), "other factors", has not appeared previously. It includes items such as new issues, retirements, borrowing, and investment abroad, which affect the total value of investment in Canada; and other factors including revaluations, reclassifications and similar accounting adjustments.

The annual net increase in book values grew from \$113 million in 1946 to \$785 million in 1953. It was down slightly at \$761 million in 1954 but rose in the next three years to a peak of \$1,261 million in 1957. In 1958 the increase was \$751 million. It grew to \$1,026 million in 1959, declined over the next two years to \$865 million in 1961, and rose to \$923 million in 1962. An apparent decline to \$455 million in 1964 coincided with a discontinuity in the statistical series. The total rose to a record \$1,319 million in 1965.

From 1946 to 1949, undistributed earnings made more of a contribution to the increase in book value than the net inflow of capital did. From 1950 to 1962, net inflow was the major component. In 1963, undistributed earnings predominated. The 1964 breakdown was heavily influenced by a break in the continuity of the statistical series. For 1965, net capital inflow is the only component for which data are available. It accounted for 40.6 per cent of the increase in book value during that year.

"Other factors" fluctuated erratically, as might be expected of a residual component. In 1946 and 1947 "other factors" were negative and from

1948 to 1954 they ranged from \$14 million to \$67 million. From 1955 to 1960 there were sharp fluctuations, the total ranging from \$16 million to \$291 million. From 1961 to 1963 the fluctuations were less severe. In 1964, there was a change in the statistical basis of the series.

The published data do not provide a base for breaking down the components of change by all countries of origin, or group of countries, along the lines used in Table CD-33. However, the components of change in direct investment by the United States are available as a separate series.

Table CD-34 reconciles the data for direct investment in Canada by the United States with the change in book value from 1946 to 1964. A partial statement is also given for 1965. The components of the change are net capital inflow; "other capital movements"; net capital movements; and undistributed earnings and other factors. Complete figures are available up to 1964, and partial data for 1965.

"Other capital movements" are to be distinguished from "other factors" as given in Table CD-33, column (3), for flows from all countries. "Other capital movements" consist solely of capital flows which are not related to the controlling or affiliated interests. "Other factors" is a residual component of the net increase in book values which includes, not only the capital flows which are unrelated to controlling or affiliated interests, but also revaluations, reclassifications and other accounting adjustments. The U.S. data include some or all of the equivalent revaluations, etc., in the figure for undistributed earnings.

The difference in the conceptual approaches to the series consolidated in Tables CD-33 and CD-34 is illustrated in Table X-1 below. Items b(ii) and f(ii) are conceptually very similar, but are included with "other factors" for all-country data and with "undistributed earnings and other factors" for U.S. data. Item e(ii) is an adjustment within the total for all countries, and so there is no need for an equivalent in Table CD-33.

TABLE X-1

COMPONENTS OF ANNUAL INCREASE IN BOOK VALUE OF DIRECT INVESTMENT

All countries (Table CD-33)	U.S. only (Table CD-34)
a. <u>Net capital inflow</u>	d. <u>Net capital inflow</u>
PLUS	PLUS
b. <u>other factors</u> , consisting of	e. <u>other capital movements</u> , consisting of
(i) New issues, retirement, borrowing, investment abroad, etc.	(i) New issues, retirement, borrowing, investment abroad, etc.
(ii) other factors including valuations, reclassifi- cations and similar accounting adjustments	(ii) classification adjustment in respect of direct investment transactions involving signif- icant investment in enterprises not controlled in the U.S.
PLUS	PLUS
c. <u>undistributed earnings</u>	f. <u>undistributed earnings and other factors</u> , consisting of
	(i) undistributed earnings (ii) valuations, reclassifications and similar accounting adjust- ments

From 1946 to 1949 the annual increase in book value of U.S. direct investment grew from \$124 million to \$288 million. In the 1950's the annual increase in book values rose, with some fluctuations, from \$331 million in 1950 to a peak of \$1,080 million in 1957. For the next six years, the increase ranged from \$573 million to \$867 million. A sharp fall in 1964 to \$147 million coincided with the introduction of a new series, not strictly comparable with earlier years. In 1965 the increase was \$1,039 million, almost as large as the 1957 peak.

There were marked differences in the behaviour of the components of the increase in book values. Changes in undistributed earnings and other factors were quite erratic, as were changes in "other capital movements". Net capital movements fluctuated somewhat more widely than net capital inflows.

Part of the erratic movement of undistributed earnings and other factors was caused by unusually large reclassification adjustments between United States direct and other investments, which were observed five times in nineteen years. The erratic changes in "other capital movements" can be explained in part by the nature of the concept. It is a residual flow which

includes among other things new issues, retirements and borrowing. It also includes capital flow by United States residents other than those having a controlling or affiliated interest; in effect, portfolio investment by United States residents in enterprises in Canada owned by other residents of the United States.

Net capital inflows relate solely to the investment of the controlling or affiliated interests. This might make them likely to fluctuate less than capital provided by unrelated persons.

The movements of undistributed earnings and other factors were characterized by wide fluctuations, ranging from \$25 million to \$476 million.

"Other capital movements" from the United States have been discussed earlier in Chapter IX in relation to Table CD-32. Briefly, the total was negative in 1946 and 1947, rose to \$135 million in 1952, and fell to minus \$3 million in 1953. From \$36 million in 1954 there was a sharp increase to \$269 million in 1956 and then a decline over the next four years to \$77 million by 1960. From \$257 million in 1961, the total fell to minus \$66 million in 1964.

Net capital inflow was also discussed in Chapter IX. Briefly, from 1946 to 1949 the total rose from \$38 million to \$84 million. From 1950 to 1964, the total ranged from \$188 million to \$465 million.

Net capital movements, which were negative in 1946, rose to \$458 million in 1952 and fell to \$354 million the following year, and to \$341 million in 1954. By 1956, they had risen to \$734 million. Over the next two years they fell to \$486 million and subsequently rose to \$623 million in 1961. There was then a progressive decline to \$122 million in 1964.

XI. DIRECT INVESTMENT, BY INDUSTRY AND PRODUCT

Chapter IV reviewed direct investment in Canada by foreigners, and analyzed its distribution according to the countries in which the controlling investors resided. The distribution of foreign direct investment between different industrial groups is also a matter of major interest. Table CD-4 gives such a breakdown in dollar terms from 1946 to 1965. Table CD-4A gives the breakdown in percentages.

DBS established the industrial groupings as follows. Reports were obtained from a large number of companies. Each company either constituted or was part of an enterprise. The reports were classified according to the principal kinds of business in which the enterprises were engaged. Although some large enterprises were active in several types of business, it was not feasible to carry the breakdown beyond the principal kind of business.

There was a change in the industrial groups used during the period. From 1946 to 1954, six broad industrial groups were used. In 1955, a new category of petroleum and natural gas was formed. This brought together petroleum refining, which was previously included in manufacturing; petroleum and natural gas exploration, previously merged with mining and smelting; and oil and gas pipelines, formerly with utilities. The resulting discontinuities thus affected series which made up the bulk of the total in 1954. Consequently, the following analysis is mainly concerned with the period from 1955 to 1965, although the main tables cover the period from 1946 on.

Foreign direct investment in Canada was, from 1955 to 1965, heavily concentrated in manufacturing; in the capital-intensive industries of petroleum and natural gas; and in the capital-intensive industries of other mining and smelting. In 1965, the value of direct investment in these three groups was \$13,733 million out of \$17,208 million. This compared with \$5,999 million out of \$7,728 million in 1955. Investment in manufacturing was \$7,185 million in 1965 compared with \$3,434 million in 1955; investment in petroleum and natural gas rose to \$4,530 million in 1965 from \$1,754 million ten years earlier; and investment in mining and smelting rose to \$2,018 million from \$811 million.

Table CD-4A shows that, in 1965, 79.8 per cent of all direct investment in Canada by foreigners was in these three industrial groups, compared with 77.6 per cent ten years earlier. The proportion of direct investment which was in petroleum and natural gas rose from 22.7 per cent in 1955 to 26.7 per cent in 1963, and was 26.3 per cent in 1965. The proportion invested in mining and smelting rose from 10.5 per cent in 1955 to 12.0 per cent in 1964, and was 11.7 per cent in 1965. The proportion invested in manufacturing fell from 44.4 per cent in 1955 to 39.7 per cent in 1962, and rose to 41.8 per cent in 1965.

In the other four industrial groups, investment in finance was \$1,685 million in 1965; in merchandising \$1,057 million; in utilities \$306 million; and in all enterprises \$427 million. In 1965, 20.2 per cent of direct investment was in those four groups.

Manufacturing predominates as a field for foreign direct investment. The way in which direct investment in manufacturing was divided between different types of major products will now be examined.

Table CD-5 breaks down direct investment in manufacturing into nine product groups. It gives book value in dollars from 1946 to 1965. Table CD-5A gives the equivalent percentage breakdown. Classification changes in 1955 affected the continuity of series for iron and products; non-metallic minerals; miscellaneous manufacturing; and the total of the series. Because of this, the following analysis is confined to the period from 1955 to 1965.

In 1965, direct investment in iron and products was \$2,013 million; in wood and paper \$1,359 million; in chemical and allied products \$1,171 million; in non-ferrous metals \$1,112 million; and in vegetable products \$794 million. Table CD-5A shows that 89.7 per cent of total direct investment in manufacturing was in these five product groups in 1965. Foreign direct investment in the remaining four product groups was, in 1965, \$262 million in non-metallic minerals; \$185 million in animal products; \$148 million in miscellaneous manufacturing; and \$141 million in textiles. Their share of total investment in manufacturing in 1965 was 10.3 per cent.

The distribution of direct investment in manufacturing between these product groups remained, on the whole, fairly stable over the period of observation. The predominant group in 1965 was iron and its products. The

proportion of investment which was in this group increased steadily from 18.8 per cent in 1946 to 28.0 per cent in 1965.

The second largest group in 1965 was wood and paper products. In 1946, it had been the predominant group, with 25.0 per cent of the direct investment in manufacturing. The proportion of direct investment found there dropped to 20.4 per cent in 1952, recovered to 23.6 per cent in 1955, and declined to 18.9 per cent by 1965. The third largest group at the end was chemicals and allied products, the proportion of investment devoted to which increased fairly steadily from 10.4 per cent in 1946 to 16.3 per cent in 1965.

The proportion of investment in non-ferrous metals rose from 14.0 per cent in 1946 to 19.8 per cent in 1957 and 1958, then dropped to 15.5 per cent by 1965. For non-metallic minerals, the percentage rose from 9.2 per cent in 1946 to 17.5 per cent in 1954, and dropped to 3.6 per cent by 1965. Vegetable products accounted for between 10 and 12 per cent from 1949 on, and textiles were between 2 and 4 per cent over the whole period.

The way in which foreign owners spread their investments over different industries and products varied from country to country. Table CD-6, CD-8 and CD-10 show the geographical origin of direct investment in the various industry groups. The geographical breakdown is done for investors resident in the United States (Table CD-6), in the United Kingdom (Table CD-8), and in all other countries combined, (Table CD-10).

Tables CD-7, CD-9 and CD-11 show the geographical origin of direct investment in the various manufacturing product groups. Table CD-7 gives data for investment from the United States, Table CD-9 covers that from the United Kingdom, and Table CD-11 covers that from all other countries.

Because of the reclassification of some industrial groups, which was referred to earlier in this Chapter, the following analysis is confined to the period from 1955 to 1965.

Table XII-1 below shows the percentage distribution of direct investment in Canada by country of ownership, for each industrial group, in 1955 and 1965.

United States investment in all industries as a proportion of total foreign investment fell to 81.0 per cent in 1965 from 84.3 per cent in 1955. During the same period investment by the United Kingdom rose slightly from

11.5 per cent to 11.7 per cent. Investments owned by residents of all other countries rose to 7.3 per cent in 1965 from 4.2 per cent a decade earlier.

TABLE XI-1

PERCENTAGE DISTRIBUTION OF DIRECT INVESTMENT IN CANADA BY INDUSTRIAL GROUPS, BY COUNTRY OF OWNERSHIP
1955 AND 1965

(per cent of total for each industry)

	United States		United Kingdom		Other Foreign Countries		All Countries	
	1955	1965	1955	1965	1955	1965	1955	1965
Petroleum and natural gas	93.3	79.5 ^{1/}	1.3	10.4 ^{1/}	5.4	10.1 ^{1/}	100.0	100.0 ^{1/}
Other mining and smelting	96.3	92.9	3.2	5.0	0.5	2.1	100.0	100.0
Manufacturing	82.6	84.9	15.6	11.6	1.8	3.5	100.0	100.0
Merchandising	70.1	65.8	25.8	26.0	4.1	8.2	100.0	100.0
Financial	67.3	61.8	15.4	15.5	17.3	22.7	100.0	100.0
Utilities	84.4	93.5	10.3	4.2	5.3	2.3	100.0	100.0
Other enterprises	83.6	80.8	13.9	13.6	2.4	5.6	100.0	100.0
Total	84.3	81.0	11.5	11.7	4.2	7.3	100.0	100.0

^{1/} Not strictly comparable with 1955.

In 1965, United States direct investment predominated in each industrial group. The proportion was 93.5 per cent in utilities, 92.9 per cent in mining and smelting, 84.9 per cent in manufacturing, 80.8 per cent in "other enterprises", 79.5 per cent in petroleum and natural gas, 65.8 per cent in merchandising, and 61.8 per cent in finance. The proportion of direct investment owned in the United Kingdom was largest in merchandising at 26.0 per cent, and in finance at 15.5 per cent. The proportion of investment owned in all other countries was largest in financial at 22.7 per cent, and in petroleum and natural gas at 10.1 per cent.

Between 1955 and 1965, the United States' share of foreign direct investment in Canada rose in manufacturing and in utilities, and fell in all other industrial groups. The United Kingdom's share rose in mining and smelting, in merchandising and in finance, (petroleum is not comparable in 1955 and 1965) but fell in all other groups. The share of all other countries rose in petroleum and natural gas, in mining and smelting, in manufacturing, in merchandising, in finance and in miscellaneous enterprises. It fell in utilities.

The way in which direct investment by the United States was

distributed between selected major industrial groups is shown in Table CD-6, in dollar terms. Table CD-6A gives the percentage breakdown.

In 1965, United States residents had more direct investment in manufacturing than in any other Canadian industrial group. The book value was \$6,098 million compared with \$2,835 million ten years earlier. In petroleum and natural gas, in 1965, the total was \$3,600 million compared with \$1,637 million in 1955, and in mining and smelting in 1965 it was \$1,875 million compared with \$781 million in 1955. United States investment in those three industrial groups in 1965 was 82.9 per cent of all United States direct investment in Canada.

Direct investment in the financial industry by United States residents was \$1,041 million in 1965, in merchandising it was \$695 million, in utilities it was \$286 million and in other enterprises it was \$345 million. These four groups accounted for 17.1 per cent of all direct investment in Canada by United States residents.

Table CD-6A indicates clearly the nature and extent of the changes in statistical procedure in 1955. The transfer of petroleum refining from manufacturing caused an apparent severe drop in the proportion of direct investment found in manufacturing. The transfer of pipelines from utilities was one of the factors which caused an apparent abrupt drop in the proportion found in utilities. The proportion attributed to petroleum and natural gas and to other mining and smelting combined rose apparently from 22.0 per cent to 37.1 per cent.

During the period from 1955 to 1965, the modified manufacturing group continued to predominate in U.S. direct investment. After investment in it dropped from 43.5 per cent in 1955 to 39.8 per cent in 1962, it rose again to 43.7 per cent in 1965. Direct investment in petroleum and natural gas rose from 25.1 per cent of the U.S. total in 1955 to 28.7 per cent in 1958, then declined to 25.8 per cent in 1965. Investment in the third group, other mining and smelting, was fairly steady between 11.4 and 13.8 per cent. So was investment in the financial industries (7.3 to 10.9 per cent), merchandising (4.6 to 5.8 per cent), utilities (2.0 to 4.1 per cent), and other enterprises (2.0 to 2.5 per cent).

The direct investment in Canadian manufacturing which was owned by United States residents was distributed between product groups as shown

in Table CD-7, which gives book value in dollars from 1946 to 1965. The table is a breakdown into nine product groups of manufacturing as given in Table CD-6, column (4). Reclassifications which were mentioned earlier limit the analysis to the period from 1955 to 1965. Table XI-2 gives the percentage distribution for 1955 and 1965.

TABLE XI-2

PERCENTAGE DISTRIBUTION OF BOOK VALUE OF DIRECT INVESTMENT IN CANADIAN MANUFACTURING BY THE UNITED STATES, BY PRODUCT GROUP,
1955 AND 1965
(per cent)

Product group	1955	1965
Vegetable products	10.7	10.3
Animal products	2.9	2.8
Textiles	1.9	1.6
Wood and paper products	24.1	19.1
Iron and products	24.9	29.0
Non-ferrous metals	20.6	16.8
Non-metallic minerals	2.8	2.6
Chemicals and allied products	10.3	15.5
Miscellaneous manufacturing	1.8	2.3
Total	100.0	100.0

In 1965, United States residents owned more direct investment in iron and products than in any other manufacturing product group. The total was \$1,769 million, compared with \$706 million in 1955, or 29.0 per cent compared with 24.9 per cent. Their direct investment in wood and paper products was \$1,164 million in 1965, compared with \$684 million in 1955, or 19.1 per cent compared with 24.1. In non-ferrous metals it was \$1,021 million in 1965, compared with \$585 million in 1955, or 16.8 per cent compared with 20.6 per cent.

Direct investment by United States residents in 1965 in chemicals and allied products was \$947 million, or 15.5 per cent. In vegetable products it was \$627 million, or 10.3 per cent.

In 1965, the value of direct investment in the four remaining product groups was \$171 million in animal products, \$160 million in non-metallic minerals, \$97 million in textiles, and \$142 million in miscellaneous manufactures. The share of these four groups in total U.S. direct investment in manufacturing was 9.4 per cent in 1965.

The proportion of U.S. direct investment which was in iron and products, chemicals and allied products, and miscellaneous manufacturing was greater in 1965 than in 1955. The proportion in vegetable products, animal products, textiles, wood and paper, non-ferrous metals, and non-metallic metals was less.

Direct investment in Canada by residents of the United Kingdom was distributed between industrial groups as shown in Table CD-8, which measures the book value in dollars. Table CD-8A gives the equivalent percentage breakdown. Because of the classification problems mentioned earlier, the analysis in this section will be on the period from 1955 to 1965.

In 1965, the direct investment by U.K. residents in Canadian manufacturing was larger than that in any other industrial category. The value was \$836 million, compared with \$537 million in 1955. This rise in dollar value was accompanied by a decline in the relative importance of the investment in manufacturing. From 60.3 per cent of U.K. direct investment in 1955, it fell to 41.5 per cent in 1965. Direct investment in petroleum and natural gas in 1965 was \$470 million. This was 23.3 per cent of U.K. direct investment in Canada. Strictly comparable data for 1955 are not available, but the total was low.

Direct investment by U.K. residents in merchandising in 1965 was \$275 million compared with \$139 million ten years earlier (13.7 per cent compared with 15.6 per cent). Their investment in the financial industry in 1965 was \$261 million compared with \$109 million in 1955. (13.0 per cent compared with 12.2 per cent).

In 1965, investment in the remaining three industrial groups consisted of \$100 million in mining and smelting, \$13 million in utilities and \$58 million in other enterprises. The comparable figures for 1955 were \$26 million, \$33 million and \$23 million respectively. These three groups had 8.5 per cent of U.K. direct investment in 1965.

The direct investment in Canadian manufacturing which was owned by residents of the United Kingdom was distributed between product groups as shown in Table CD-9, which covers the period from 1946 to 1965 in dollar terms. It gives a breakdown into nine product groups of the data for manufacturing in Table CD-8. Table XI-3 gives the percentage breakdown for 1955 and 1965.

In 1965, direct investment in iron and products by United Kingdom residents was \$185 million. Their direct investment in wood and paper products was \$184 million, in chemicals and allied products \$182 million, and in vegetable products \$147 million. In 1965 these four product groups had 83.5 per cent of all the U.K. direct investment in manufacturing, compared with 80.3 per cent in 1955.

TABLE XI-3

PERCENTAGE DISTRIBUTION OF BOOK VALUE OF DIRECT INVESTMENT IN CANADIAN MANUFACTURING BY THE UNITED KINGDOM, BY PRODUCT GROUP,
1955 AND 1965
(per cent)

Product group	1955	1965
Vegetable products	17.0	17.6
Animal products	0.7	1.0
Textiles	8.4	5.0
Wood and paper products	23.1	22.0
Iron and products	16.2	22.1
Non-ferrous metals	5.0	6.9
Non-metallic minerals	4.9	3.0
Chemicals and allied products	24.0	21.8
Miscellaneous manufactures	0.7	0.6
Total	100.0	100.0

Direct investment in the remaining five product groups was \$138 million in 1965, made up of \$58 million in non-ferrous metals, \$42 million in textiles, \$25 million in non-metallic minerals, \$8 million in animal products, and \$5 million in miscellaneous manufacturing. Altogether those five categories and 16.5 per cent of U.K. direct investment in manufacturing in 1965.

The proportion of direct investment in vegetable products, animal products, iron and products, non-ferrous metals, and miscellaneous manufactures was greater in 1965 than in 1955. The proportion in textiles, wood and paper products, non-metallic minerals, and chemicals and allied products was less.

Direct investments in Canada which were owned by residents of countries other than the United States and United Kingdom were distributed between industrial groups as shown in Table CD-10, which gives book value in dollars from 1946 to 1965. As in earlier tables, reclassifications limit

comparability to the period from 1955 to 1965. Table XI-4 shows the equivalent percentage distribution in 1955 and 1965.

In 1965, residents of countries other than the United States and United Kingdom had the largest part of their direct investment in Canada in petroleum and natural gas. The book value was \$460 million, or 36.7 per cent. Figures are not available on a comparable basis for 1955. Their direct investment in financial enterprises was \$383 million in 1965 compared with \$122 million in 1955, or 30.5 per cent compared with 37.6 per cent. Direct investment in manufacturing was \$251 million in 1965 compared with \$62 million in 1955 or 20.0 per cent compared with 19.1 per cent.

TABLE XI-4

PERCENTAGE DISTRIBUTION OF BOOK VALUE OF DIRECT INVESTMENT IN CANADA BY RESIDENTS OF COUNTRIES OTHER THAN THE UNITED STATES AND UNITED KINGDOM, BY INDUSTRIAL GROUP, 1955 AND 1965

(per cent)

Industrial group	1955	1965
Petroleum and natural gas	30.1	36.7
Other mining and smelting		3.4
Manufacturing	19.1	20.0
Merchandising	6.8	6.9
Financial	37.6	30.5
Utilities	5.2	.6
Other enterprises	1.2	1.9
Total	100.0	100.0

Direct investment in the four remaining industrial groups in 1965 was \$161 million. It was \$87 million in merchandising, \$43 million in other mining and smelting, \$7 million in utilities, and \$24 million in other enterprises. The proportion of investment which was in these four groups in 1965 was 12.8 per cent.

The direct investment in Canadian manufacturing by residents of countries other than the United States and United Kingdom was distributed between product groups as shown in Table CD-11. This table gives book value in dollars, from 1946 to 1965. It breaks down the manufacturing group in Table CD-10 into nine product groups. As in earlier tables, reclassifications restrict the analysis to the period from 1955 to 1965. Table XI-5 gives equivalent percentage breakdowns for 1955 and 1965.

In 1965, direct investment in non-metallic minerals by residents

of countries other than the United Kingdom and United States was \$77 million, or 30.7 per cent of direct investment in manufacturing. Their direct investment in iron and products was \$59 million, or 23.5 per cent. In chemicals and allied products it was \$42 million, or 16.7 per cent, in non-ferrous metals \$33 million or 13.1 per cent.

TABLE XI-5

PERCENTAGE DISTRIBUTION OF DIRECT INVESTMENT IN CANADA OWNED BY
RESIDENTS OF COUNTRIES OTHER THAN THE UNITED STATES AND
UNITED KINGDOM, BY PRODUCT GROUP,
1955 AND 1965

(per cent)

Product group	1955	1965
Vegetable products	6.5	8.0
Animal products	6.5	2.4
Textiles	-	0.8
Wood and paper products	1.6	4.4
Iron and products	19.4	23.5
Non-ferrous metals	19.4	13.1
Non-metallic minerals	27.4	30.7
Chemicals and allied products	17.7	16.7
Miscellaneous manufactures	1.6	0.4
Total	100.0	100.0

Direct investment in the remaining five product groups in 1965 totalled \$40 million, or 16.0 per cent.

The proportion of direct investment which was in vegetable products, wood and paper products, textiles, and non-metallic minerals was greater in 1965 than in 1955. The proportion in animal products, iron and products, non-ferrous metals, chemicals and allied products, and miscellaneous manufactures was less.

XII. TOTAL INVESTMENT IN FOREIGN-CONTROLLED ENTERPRISES, BY INDUSTRY AND PRODUCT

It was seen in Chapter V that total investment in foreign-controlled enterprises is greater than the investment of the controlling interests. Table CD-14 gives, for selected industrial groups, the estimated book value of total investment in those enterprises which were controlled by foreigners. This table is on a different basis from the earlier tables which give breakdowns by industrial groups. For instance, the financial group which is given in Table CD-4 at column (6) is not covered by Table CD-14. The manufacturing group shown in column (4) of Table CD-14 includes both the manufacturing group shown in column (4) of Table CD-4 and the "other enterprises" group shown there in column (8). Table CD-14 includes in "other utilities" in column (7) some funded debt of governments and municipalities. Because of rounding and of possible technical statistical problems in parts of the series, some of the year to year changes may have limited significance.

In 1963, the largest amount of foreign-controlled investment was in manufacturing. The value was \$8.2 billion compared with \$4.6 billion in 1955, an increase of 78 per cent over eight years. In petroleum and natural gas, the investment controlled by foreigners rose to \$5.4 billion in 1963, or more than double the \$2.3 billion eight years earlier. In mining and smelting, investment controlled by foreigners was \$2.3 billion in 1963, compared with \$1.2 billion in 1955. In merchandising, it was \$1.1 billion in 1963, compared with \$0.6 billion in 1955.

The estimated value of investment controlled by foreigners in railways and in other utilities changed relatively little in the period from 1955 to 1963. In 1963, investment controlled by foreigners in railways was \$0.1 billion, the same as in 1955. Investment controlled by foreigners in other utilities was \$0.5 billion in 1963 compared with \$0.4 billion in 1955.

The effect on the Canadian economy of foreign control can, for some purposes, be more effectively analyzed on the basis of total investment under foreign control than on that of ownership by the controlling interests. For matters such as capital expenditures within Canada, some direct investors exert an influence greater than that of their ownership alone. They exert a type of "leverage" effect. Table XII-1 illustrates this.

TABLE XII-1

BOOK VALUE OF FOREIGN DIRECT INVESTMENT IN CANADA AND VALUE
OF INVESTMENT CONTROLLED, BY SELECTED INDUSTRIAL GROUP,
YEAR END 1963

Industrial group	Direct	Total	Investment controlled
	investment	investment	as per cent of direct
	owned	controlled	investment owned
	(billions of dollars)	(billions of dollars)	(per cent)
	(1)	(2)	(3)
Total, for all direct investment recorded	15.4	20.2	131
Total, for groups covered by this table ¹	13.6	17.6	129
Petroleum and natural gas	4.1	5.4	132
Other mining and smelting	1.8	2.3	128
Manufacturing } Other enterprises }	6.2	8.2	126
Merchandising	0.9	1.1	122
Utilities	0.3	0.6	200

^{1/} Excludes financial industries.

Source: Col.(1) - Table CD-4.
Col.(2) - Table CD-14.

For all direct investment covered by this study, the total amount of investment which the foreign owners controlled was 31 per cent greater than the amount of direct investment which they owned. In effect, each \$100 of direct investment owned controlled \$131 of investment in Canada. Breakdowns are not available for all the industrial groups, but figures for six groups are given in Table XII-1. For the total of the groups, investment controlled was 129 per cent of direct investment. The "leverage" effect was greatest in utilities where it was 200 per cent, and least in merchandising where it was 122 per cent. In between were petroleum and natural gas at 132 per cent; other mining and smelting at 128 per cent; and manufacturing combined with other enterprises at 126 per cent.

Table CD-15 shows, from 1955 to 1963, the estimated book value of total investment in Canada in businesses which were controlled in the United States, by selected industrial groups. The breakdown is equivalent to that in Table CD-14.

In 1963, the estimated book value of total investment in manufacturing businesses which were controlled in the United States was \$6.3 billion, compared with \$3.7 billion in 1955. In mining and smelting, it was \$2.0

billion in 1963, compared with \$1.1 billion in 1955. In merchandising it was \$0.7 billion in 1963, compared with \$0.4 billion in 1955. The figure for utilities in 1963 was \$0.4 billion, the same as in 1955. For railways in 1963 it was \$0.1 billion, also the same as in 1955.

TABLE XII-2

TOTAL INVESTMENT CONTROLLED BY THE UNITED STATES AS A PERCENTAGE
OF ALL FOREIGN-CONTROLLED INVESTMENT, BY SELECTED INDUSTRIAL
GROUPS, 1955 AND 1963
(per cent)

Industrial group	1955	1963
Petroleum and natural gas	96	85
Mining and smelting	92	87
Manufacturing	80	77
Merchandising	67	64
Other utilities	100	80
Total of above industrial groups	85	80

Source: Derived from Tables CD-14 and CD-15.

Table XII-2 shows, for selected industrial groups, the percentage of total investment controlled by foreigners which was controlled from the United States, for the years 1955 and 1963. The percentages should be used with some degree of caution. They were calculated from figures which had been rounded to the nearest hundred million dollars, and there are also possible statistical problems.

Between 1955 and 1963, the proportion of foreign control which came from the United States decreased in each industrial group shown. In 1963, United States residents still controlled 80 per cent or more of the foreign-controlled investment in Canadian petroleum and natural gas, in mining and smelting, and in "other utilities"; more than 75 per cent of the foreign-controlled investment in Canadian manufacturing; and more than 60 per cent of the foreign-controlled investment in Canadian merchandising.

Table CD-16 shows non-resident control as a percentage of selected Canadian industrial groups at year ends from 1954 to 1963. In other words, it shows the percentage which was controlled by foreigners out of the total capital invested in each group. The groups used are the same as those in Table CD-14. Thus, the ratios in Table CD-16 can be related to the data in Table CD-14,

but not to the data in Table CD-4. Separate ratios for merchandising are not shown in Table CD-16.

The technical difficulties involved in producing these series are explained by DBS in The Canadian Balance of International Payments, 1960 and International Investment Position at pages 62 and 63. The reservations to be borne in mind when using the series are stated as follows:-

"The data are approximations arrived at through the combination of a number of series whose coverage and comparability may in some cases be open to question. Nevertheless it is considered that the material will be of value to readers in assessing the relative positions of domestic and foreign capital in some areas of the economy."

There are, of course, broad areas of national wealth not covered by this series. These include agriculture, social capital and non-agricultural land.

For the total of all the industrial groups under reference, Table CD-16 shows that foreign control increased to 34 per cent in 1963 from 28 per cent in 1954. Foreign control of manufacturing rose to 60 per cent in 1963 from 51 per cent in 1954. Control of mining and smelting increased to 59 per cent in 1963 from 51 per cent in 1954. Foreign control of petroleum and natural gas was 74 per cent in 1963, after rising from 69 per cent in 1954 to a peak of 80 per cent in 1956, then declining.

Foreign control of railways was 2 per cent in 1955 and 1963. Control of utilities other than railways fell to 4 per cent in 1963 from 8 per cent in 1954.

Table CD-17 shows non-resident control as a percentage of selected groups of Canadian manufacturing industries annually from 1954 to 1963. It gives the percentage of total capital invested in each group which was controlled abroad. The groups are a breakdown of the manufacturing group shown in Table CD-16. They therefore differ in total cover from the manufacturing product groups used in earlier tables, which are breakdowns of the manufacturing group used in Table 4. In addition, the breakdown within manufacturing in Table CD-17 is by industrial group, instead of by product group, as was the case in Table CD-7 and the other tables described previously.

In 1963, there was considerable variation in the degree of control by foreigners over the different sectors of Canadian manufacturing industry. At the upper end, 97 per cent of the rubber group and of the automobiles and

parts group was foreign-controlled. Foreign control in 1963 was also half or more in transportation equipment and in chemicals (78 per cent each), electrical apparatus (77 per cent), "other manufacturing" (70 per cent), and agricultural machinery (50 per cent). Foreign control was less than half in pulp and paper (47 per cent), textiles (20 per cent), beverages (17 per cent), and iron and steel mills (14 per cent).

Between 1954 and 1963 foreign control increased in seven out of the twelve industry groups in the table;— rubber, textiles, agricultural machinery, automobiles and parts, transportation equipment, chemicals, and "other manufacturing". In one industry, electrical apparatus, the degree of foreign control ended the period at the same level as it began. Only in beverages and in pulp and paper was the proportion of foreign control less in 1963 than in 1954. Data were not available on a comparable basis for primary iron and steel and for iron and steel mills.

Since most of the foreign direct investment comes from the United States, a separate statement of the degree of U.S. control of manufacturing groups is of interest. Table CD-39 gives a statement of this, for the same manufacturing groups as in Table CD -17, and for the same years.

The highest degree of control in 1963 was observed in the automobiles and parts industries, at 97 per cent. In this case, all of the foreign control was from the U.S. The rubber industries were also very heavily controlled, at 90 per cent. This made up almost all the foreign control. Other industrial groups half or more controlled from the U.S. were electrical apparatus (66 per cent), chemicals (54 per cent), other manufacturing (54 per cent), and agricultural machinery (50 per cent).

In general, the degree of control increased between 1954 and 1963, with no spectacular rises. The only decrease was in the pulp and paper group, where the percentage of U.S. control decreased from 45 per cent in 1954 to 35 per cent in 1963.

XIII. DIVIDEND PAYMENTS, BY INDUSTRY AND PRODUCT

Table CD-22 shows dividend payments on direct investment in Canada by foreigners, by industrial group, biennially from 1958 to 1964.

Dividend payments on direct investment in manufacturing in 1964 were larger than those for any other industrial group. Payments were \$292.6 million compared with \$160.7 million in 1958. Payments to foreigners from direct investment in mining and smelting were \$107.8 million in 1964 compared with \$69.5 million in 1958. Over the same period, dividend payments from petroleum and natural gas increased to \$83.3 million from \$38.4 million. Relatively smaller payments were made from merchandising, finance, utilities and other enterprises. In 1964 payments from those industrial groups totalled \$71.5 million compared with \$60.6 million in 1958.

TABLE XIII-1

PERCENTAGE DISTRIBUTION OF DIVIDEND PAYMENTS TO ALL COUNTRIES FROM DIRECT INVESTMENT IN CANADA, BY INDUSTRIAL GROUP,
1958 AND 1964

(per cent)

Industrial group	1958	1964
Petroleum	11.7	15.0
Other mining and smelting	21.1	19.4
Manufacturing	48.8	52.7
Merchandising	8.1	4.8
Financial	4.8	2.8
Utilities	2.6	1.7
Other enterprises	2.9	3.5
Total	100.0	100.0

Table XIII-1 shows that, in 1964, 52.7 per cent of dividend payments were from manufacturing, 19.4 per cent from mining and smelting, and 15.0 per cent from petroleum. The 87.1 per cent of all dividends which came from these three groups in 1964 compared with 81.6 per cent in 1958.

Between 1958 and 1964, the proportion of dividends which came from manufacturing, petroleum, and "other enterprises" rose. The proportion which came from mining and smelting, merchandising, financial, and utilities fell.

Table CD-23 shows dividend payments on direct investment in Canadian manufacturing, by product group, for selected years from 1958 to 1964. The table is a breakdown of the manufacturing industries in Table CD-22, column (4).

In 1964 dividend payments from the iron and products group were

\$124.5 million; from the vegetable products group \$42.9 million; and from the chemicals and allied products group, \$40.7 million. Table XIII-2 below shows that these three groups in 1964 provided 71.1 per cent of all the dividends from manufacturing, compared with 65.4 per cent in 1958.

From the wood and paper products group, dividend payments were \$27.2 million in 1964, and from the non-ferrous metals group \$24.3 million. Payments from the non-metallic minerals, textiles, miscellaneous manufacturing, and animal products groups were small in 1964, the total being \$33.0 million.

TABLE XIII-2

PERCENTAGE DISTRIBUTION OF DIVIDEND PAYMENTS TO ALL COUNTRIES FROM DIRECT INVESTMENT IN CANADIAN MANUFACTURING, BY PRODUCT GROUP,
1958 AND 1964

(per cent)

Product group	1958	1964
Vegetable products	12.0	14.7
Animal products	1.8	1.4
Textiles	1.6	3.3
Wood and paper products	12.6	9.3
Iron and its products	37.1	42.5
Non-ferrous metals	13.3	8.3
Non-metallic minerals	2.7	4.0
Chemicals and allied products	16.3	13.9
Miscellaneous manufacturing	2.6	2.5
Total manufacturing	100.0	100.0

Table XIII-2 shows that the distribution of payments by product groups changed significantly between 1958 and 1964. The proportion coming from vegetable products, textiles, iron and products, and non-metallic minerals rose. The proportion coming from animal products, wood and paper products, non-ferrous metals, chemicals and allied products, and miscellaneous manufacturing fell.

Table CD-24 shows dividend payments to the United States from direct investment in Canada, by industrial group, for selected years from 1946 to 1964. These data are available for more years than are data for all foreign investments in Canada, by the same degree of detail. The table is a breakdown into seven industrial groups of the figures in Table CD-2, column (2).

In 1964, more than half of all dividend payments to the United States from direct investment in Canada came from manufacturing. The total was \$248

million compared with \$71 million in 1946. Dividend payments going to the United States in 1964 from direct investment in mining and smelting were \$108 million compared with \$23 million in 1946. Dividend payments from petroleum and natural gas were \$79 million in 1964 compared with \$10 million in 1946. Dividend payments in 1964 from those three industries were 90.6 per cent of all dividend payments going to the United States from direct investment in Canada.

Dividend payments to the United States in 1964 from direct investment in all other industries were \$45 million, or 9.4 per cent. In 1946, the total was \$16 million.

TABLE XIII-3

PERCENTAGE DISTRIBUTION OF DIVIDEND PAYMENTS TO THE UNITED STATES
FROM DIRECT INVESTMENT IN CANADA, BY INDUSTRIAL GROUP,
1958 AND 1964
(per cent)

Industrial group	1958	1964
Petroleum and natural gas	13.1	16.4
Mining and smelting	23.5	22.5
Manufacturing	48.1	51.7
Merchandising	7.1	2.7
Financial	4.2	1.8
Utilities	1.0	1.1
Other enterprises	2.9	3.8
Total	100.0	100.0

Table XIII-3 shows the percentage of dividend payments which came from each industrial group in 1958 and 1964. Those two years were chosen to facilitate comparison with the tables on dividend payments to all countries, for which figures are not available before 1958. Between the industrial groups, as the table shows, there were small relative changes between 1958 and 1964. The proportion of dividends coming from manufacturing, petroleum and natural gas, utilities, and "other enterprises" rose. The proportion coming from mining and smelting, merchandising, and finance fell.

Table CD-25 shows dividend payments on direct investment by the United States in Canadian manufacturing, by product group, for selected years from 1946 to 1964. The table is a breakdown into nine product groups of the dividends from manufacturing as shown in Table CD-24.

In 1964, dividend payments to the United States from direct investment in Canada in iron and products were \$120.4 million; from vegetable products they were \$35.9 million; and from chemicals and allied products, \$28.5 million. Those three product groups in 1964 were the source of 74.6 per cent of the dividends from direct investment in manufacturing which went to the United States from Canada.

Dividend payments in the remaining six product groups were \$63.0 million in 1964, and made up 25.4 per cent of dividends from manufacturing.

TABLE XIII-4

PERCENTAGE DISTRIBUTION OF DIVIDEND PAYMENTS TO THE UNITED STATES FROM DIRECT INVESTMENT IN CANADIAN MANUFACTURING, BY PRODUCT GROUP, 1958 AND 1964

(per cent)

Product group	1958	1964
Vegetable products	10.4	14.5
Animal products	2.0	1.7
Textiles	1.1	2.5
Wood and paper products	10.6	6.9
Iron and products	40.9	48.6
Non-ferrous metals	15.0	9.3
Non-metallic minerals	3.0	2.2
Chemicals and allied products	14.0	11.5
Miscellaneous manufacturing	3.0	2.9
Total manufacturing	100.0	100.0

Table XIII-4 shows the percentage breakdown by product group of dividends paid to the U.S from investment in manufacturing in 1958 and 1964. The years were chosen to facilitate comparison with earlier tables on dividend payments. Between 1958 and 1964 the proportion of dividends going to iron and products, vegetable products, and textiles rose. The proportion going to animal products, wood and paper products, non-ferrous metals, non-metallic minerals, chemicals and allied products, and miscellaneous manufacturing fell.

Table CD-26 shows dividend payments on direct investment in Canada by the United Kingdom, by industrial group, biennially from 1958 to 1964.

In 1964, dividend payments to the United Kingdom from direct investment in manufacturing were larger than those from all other industrial groups combined. They were \$38.1 million out of total payments of \$57.9 million. This compared with \$18.1 million from manufacturing in 1958. From merchandising, dividend payments were \$11.3 million in 1964 compared with

\$5.7 million in 1958. Table XIII-5 below shows that the proportion of dividends which came from manufacturing and merchandising in 1964 was 85.3 per cent of the total, compared with 90.9 per cent in 1958.

Dividend payments on direct investment in all other industries in 1964 were \$8.5 million compared with \$2.4 million in 1958. The proportion in 1964 was 14.7 per cent of the total compared with 9.1 per cent in 1958.

TABLE XIII-5

PERCENTAGE DISTRIBUTION OF DIVIDEND PAYMENTS TO THE UNITED KINGDOM FROM DIRECT INVESTMENT IN CANADA, BY INDUSTRIAL GROUP,
1958 AND 1964

(per cent)

Industrial group	1958	1964
Petroleum and natural gas	..	..
Mining and smelting	1.5	..
Manufacturing	69.1	65.8
Merchandising	21.8	19.5
Financial	6.1	6.6
Utilities	1.5	5.7
Other enterprises	..	2.4
Total	100.0	100.0

.. Not available

Table XIII-5 shows that from 1958 to 1964 the proportion of dividends which came from finance and utilities rose. That from manufacturing and merchandising fell.

Table CD-27 shows dividend payments to the United Kingdom from direct investment in Canadian manufacturing, by product group, biennially from 1958 to 1964. It is a breakdown into nine product groups of the dividends from manufacturing given in Table CD-26.

In 1964, dividend payments to the United Kingdom from direct investment in wood and paper products were \$10.0 million; from chemicals and allied products they were \$8.5 million; from vegetable products \$6.7 million; and from non-metallic minerals \$6.1 million. These four groups in 1964 were the source of 82.1 per cent of the dividends to the U.K. from direct investment in manufacturing.

Dividend payments from direct investment in the other five manufacturing product groups were \$6.8 million in 1964, or 17.9 per cent of the total.

TABLE XIII-6

PERCENTAGE DISTRIBUTION OF DIVIDEND PAYMENTS TO THE UNITED KINGDOM FROM DIRECT INVESTMENT IN CANADIAN MANUFACTURING, BY PRODUCT GROUP,
1958 AND 1964

(per cent)

Product group	1958	1964
Vegetable products	24.9	17.6
Animal products	0.6	0.3
Textiles	5.5	9.4
Wood and paper products	28.7	26.2
Iron and products	9.9	5.0
Non-ferrous metals	0.6	2.9
Non-metallic minerals	1.1	16.0
Chemicals and allied products	28.7	22.3
Miscellaneous manufacturing	..	0.3
Total manufacturing	100.0	100.0

.. Not available

Table XIII-6 shows that from 1958 to 1964, the proportion of dividends from manufacturing which came from textiles, non-ferrous metals, and non-metallic minerals rose. The proportion which came from vegetable products, animal products, wood and paper, iron and products, and chemicals and allied products fell.

Table CD-28 shows dividend payments to countries other than the United States and United Kingdom from direct investment in Canada, by industrial group, biennially from 1958 to 1964.

Dividend payments from direct investment in manufacturing to countries other than the United States and United Kingdom were \$6.8 million in 1964 compared with \$1.6 million in 1958. Payments from petroleum and natural gas were \$4.7 million in 1964, a predominant part of the total. In 1958, the total was small and not published separately.

In 1964 dividend payments from finance were \$3.2 million compared with \$1.9 million in 1958. Payments from merchandising were \$2.5 million compared with \$0.1 million in 1958.

In the remaining three industries, dividend payments on direct investment were \$1.2 million in 1964 compared with \$6.2 million in 1958. The large decline was caused mainly by the fall in payments from utilities to \$1.0 million in 1964 from \$5.0 million in 1958.

TABLE XIII-7

PERCENTAGE DISTRIBUTION OF DIVIDEND PAYMENTS TO COUNTRIES OTHER THAN THE UNITED STATES AND UNITED KINGDOM FROM DIRECT INVESTMENT IN CANADA, BY INDUSTRIAL GROUP, 1958 AND 1964

(per cent)

Industrial group	1958	1964
Petroleum and natural gas	-	25.5
Mining and smelting	1.0	0.5
Manufacturing	16.3	37.0
Merchandising	1.0	13.6
Financial	19.4	17.4
Utilities	51.0	5.4
Other enterprises	11.2	0.5
Total	100.0	100.0

- less than 1.0 per cent

Table XIII-7 shows that there were some striking changes in the industrial origin of dividends in 1964 compared with 1958. The proportion of dividends which came from petroleum in 1964 rose to 25.5 per cent from less than 1.0 per cent in 1958; the proportion from merchandising rose to 13.6 per cent in 1964 compared with 1.0 per cent in 1958; and the proportion from manufacturing rose to 37.0 per cent in 1964 from 16.3 per cent in 1958. The proportion from utilities fell to 5.4 per cent in 1964 from 51.0 per cent in 1958 and that from "other enterprises" fell to 0.5 per cent from 11.2 per cent. The proportion from finance and from mining and smelting was also lower in 1964 compared with 1958, but not much lower.

Table CD-29 shows dividend payments to countries other than the United States and the United Kingdom from direct investment in Canadian manufacturing, by product groups, biennially from 1958 to 1964. It is a breakdown into product groups of the dividends from manufacturing given in Table CD-28.

In 1964, dividends to countries other than the United States and United Kingdom from direct investment in chemicals and allied products were \$3.7 million. This was more than half of the total for all industries. Dividend payments from iron and products in 1964 were \$2.2 million and payments from all other product groups were \$0.9 million.

TABLE XIII-8

PERCENTAGE DISTRIBUTION OF DIVIDEND PAYMENTS ON DIRECT INVESTMENT IN CANADIAN MANUFACTURING BY COUNTRIES OTHER THAN THE UNITED STATES AND UNITED KINGDOM, BY PRODUCT GROUP, 1958 AND 1964

(per cent)

Product group	1958	1964
Vegetable products	12.4	4.4
Iron and its products	6.3	32.4
Non-ferrous metals	6.3	4.4
Non-metallic minerals	.0	4.4
Chemicals and allied products	75.0	54.4
Total manufacturing	100.0	100.0

Table XIII-8 shows that in 1964 dividends from chemicals and allied products and from iron and products together were 86.8 per cent of the total dividends from manufacturing, compared with 81.3 per cent in 1958.

XIV. CAPITAL FLOWS BY INDUSTRY

There is no breakdown by industry of total capital flows into Canada for direct investment. In the case of capital flows from the United States alone, there are two series, one for net capital inflows and one for net capital movements.

Table CD-31 shows the annual net capital inflow for direct investment in Canada by the United States by industrial group from 1952 to 1964. This is a breakdown of column (2) of Table CD-30.

In the twelve-year period from 1952 to 1964, net capital inflow for direct investment in Canada by the United States totalled \$4,465 million. About 90 per cent of the total went to three industrial groups:- petroleum and natural gas, mining and smelting, and manufacturing. Of the total, \$2,059 million or 46.1 per cent was in petroleum and natural gas; \$1,113 million or 24.9 per cent was in mining; and \$829 million or 18.6 per cent was in manufacturing.

In petroleum and natural gas the inflow was \$177 million in 1952. It fell slightly the next year and then rose to a peak of \$237 million in 1957. In 1958 the total was \$201 million and it fluctuated downward to \$60 million in 1964.

In mining and smelting in 1952 the inflow was \$95 million. It rose to \$106 million in 1953 but fell to \$53 million in 1955. Over the next five years it rose, reaching a peak of \$196 million in 1960. After fluctuations in 1961 and 1962, the inflow fell sharply to \$11 million in 1964.

In manufacturing, net capital inflows in 1952 and 1953 were \$48 million. They fell to \$23 million in 1954, rose to \$99 million in 1956, fluctuated downwards to \$28 million in 1962 and rose to \$138 million in 1964.

Net capital inflows in the remaining industry groups were relatively small. In finance they ranged between \$34 million and \$2 million; in pulp and paper between \$39 million and minus \$16 million; in utilities between \$12 million and minus \$8 million; in merchandising between \$34 million and minus \$20 million; and in other enterprises between \$27 million and minus \$11 million.

Net capital movements from the United States are usually greater than net capital inflow, as Table CD-32 shows. A breakdown by industrial groups is given in Table CD-32A, from 1952 to 1964.

In the twelve-year period covered, net capital movements for direct investment in Canada by the United States totalled \$5,934 million. About two-thirds of the total was for the petroleum and natural gas and for the other mining and smelting industries. Large amounts also went into the financial and manufacturing industries. Net capital movements to all industries were \$458 million in 1952, and reached a peak of \$734 million in 1956. The total then fluctuated downward to \$122 million in 1964.

In petroleum and natural gas, net capital movements rose from \$183 million in 1952 to a peak of \$367 million in 1957, then declined to \$23 million in 1964.

In other mining and smelting the pattern was similar. Net capital movements were \$86 million in 1952, reached a peak of \$220 million in 1960, declined to a low point of \$31 million in 1963, then recovered to \$76 million in 1964.

Net capital movements to the pulp and paper industry were erratic. From \$6 million in 1952, net capital movements reached a peak of \$39 million in 1956. In 1958 and 1959 net capital movements were negative but rose to \$32 million in 1960. They were negative again by 1963, and there was an outflow of \$10 million in 1964.

In manufacturing, net capital movements were \$149 million in 1952 and fell to \$24 million two years later. There was a steady upward movement after 1954, to a peak of \$152 million in 1957. The amount then fluctuated downwards to \$2 million in 1964.

In the financial industries, net capital movements in 1952 were \$42 million. They rose to \$147 million in 1956, but fell to \$18 million in the following year. After 1957 net capital movements rose steadily. They reached \$102 million in 1962 and \$101 million in 1963. In 1964 they were \$31 million.

In utilities, net capital movements were relatively small and ranged from \$19 million to an outflow of \$5 million. In merchandising,

they were also relatively small. In 1952 they were too small to be recorded. After rising to \$18 million in 1955 they fell until there was an outflow of \$2 million in 1958. In subsequent years the amount ranged between an inflow of \$34 million and an outflow of \$18 million. In the miscellaneous industry group, net capital movements were small and ranged between \$16 million and an outflow of \$12 million.

XV. SOME EFFECTS ON THE BALANCE OF PAYMENTS

Table CD-35 shows cumulative series for selected concepts from 1946 to 1968. It gives cumulative figures for net capital inflow; other factors; undistributed earnings; net increase in book value; dividends and interest paid abroad; and earnings. All of the series are complete up to 1964, and some are complete to later years.

The advantage of cumulating the figures in one table is to impart some perspective to the flows over the period for capital, interest and dividends, earnings, and changes in book value of investment. From 1946 to 1964, controlling or affiliated interests and other residents in their countries earned \$11,489 million from direct investment in Canada. This included certain amounts which the Canadian enterprises under control had themselves earned from investments outside Canada. Out of their earnings, the controllers and other residents in the country of control received \$5,730 million in interest and dividends. The book value of their investment increased by \$13,176 million. Contributing to the change in book values were \$5,215 million in retained earnings, \$6,971 million in capital brought in by controlling or affiliated interests, and \$990 million attributed to other factors.

The large amount of earnings retained in Canada for direct investment is one of the highlights of Table CD-35. Such earnings are an important source of corporate financing and have been a significant factor in the rapid growth of the equity of non-residents in Canada. In the period from 1946 to 1964, 39.6 per cent of the increase in book value of direct investment in Canada was due to undistributed earnings.

It would have been interesting to compare the total movements of funds inwards and outwards, but the data base for net capital inflow differs from that for dividends and interest paid abroad. Net capital inflow relates only to controlling or affiliated interests, while dividends and interest include payments of dividends both to controlling or affiliated interests and to other residents of the countries of control. Data for net capital movements from all residents in the countries of control are not available on a world-wide basis.

In the case of direct investment by the United States, data are

available on net capital movements to controlled enterprises, whether or not the capital is owned by the controlling interests. Consequently, inward capital movements can be meaningfully related to outgoing current payments.

Table XV-1 below relates capital movements from the United States to payments of interest and dividends to that country, to provide an estimate of the annual contribution to the Canadian balance of payments. It also gives the annual rate of growth of the book value of U.S. direct investment.

TABLE XV-1

BALANCE OF PAYMENTS EFFECT OF U.S. DIRECT INVESTMENT IN CANADA,
AND ANNUAL RATE OF GROWTH OF THE BOOK VALUE OF SUCH
INVESTMENT, 1946 - 1965

A minus (-) indicates an outflow from Canada.

Year	Net capital movements from the U.S.	Payments of interest and dividends to the U.S.	Contribution to Canadian balance of payments (1) - (2)	Annual rate of growth of book value of U.S. direct investment
	(millions of dollars)	(millions of dollars)	(millions of dollars)	(per cent)
	(1)	(2)	(3)	(4)
1946	- 5	134	-139	5.4
1947	23	170	-147	4.9
1948	81	162	- 81	10.2
1949	101	216	-115	10.3
1950	219	292	- 73	10.7
1951	310	258	52	13.7
1952	458	214	244	16.3
1953	354	197	157	14.9
1954	341	205	136	11.2
1955	380	243	137	12.5
1956	734	280	454	13.5
1957	644	307	337	14.6
1958	486	303	183	6.8
1959	537	320	217	9.6
1960	538	280	258	6.4
1961	623	350	273	7.0
1962	445	352	93	6.4
1963	272	372	-100	6.2
1964	122	485	-363	1.2
1965	..	516	..	8.0

.. Not available

Source: Col. (1) Table CD-32.
Col. (2) Table CD-19.
Col. (4) Table CD-2.

From 1946 to 1950, more money was leaving Canada in dividends and interest than was coming in as net capital movements. Over these five years, there was a total adverse balance of \$555 million. During these years, the annual growth rate for U.S. direct investment was below 11 per cent. It was

around 5 per cent in 1946 and 1947, which had fairly large negative effects, and was between 10 and 11 per cent for the next three years, during which the adverse balance became smaller.

From 1951 to 1962, favourable effects on the balance of payments were observed. These rose to a peak of \$454 million in 1956, then declined irregularly to \$93 million in 1962. Over these twelve years, there was a total contribution of \$2,541 million to the balance of payments. For the years up to 1957, when the contribution was below the 1956 peak but still substantial, the annual growth rate of U.S. direct investment was above 11 per cent, ranging from 11.2 per cent to 16.3 per cent. During the last five years of below-peak contributions, the growth rate ranged from 6.4 to 9.6 per cent.

In 1963 and 1964, the contribution was again negative, the adverse effect being \$100 million in 1963 and \$363 million in 1964. Annual growth of U.S. direct investment was 6.2 per cent in 1963, and 1.2 per cent in 1964. Thus, the lowest growth rate observed over the period coincided with the biggest adverse effect on the balance of payments.

Interest and dividends rose fairly steadily over the nineteen-year period. It was the net capital movements which fluctuated widely, and made for fluctuations in the net effect.

As was to be expected, the balance of payments was most helped, insofar as the components covered by this Chapter are concerned, when foreign direct investment was increasing briskly. It would be dangerous to lay down any rigid criterion, but it would appear to be unlikely that a favourable balance of payments effect, as defined in this context, would be observed if U.S. direct investment was increasing at less than five per cent per annum.

Table CD-36 shows selected cumulative series related to direct investment in Canada by United States residents, from 1946 to 1965. It shows cumulative figures for net capital inflow; other capital movements; net capital movements; undistributed earnings and other factors; net increase in book value; and dividends and interest.

A comparison of Tables CD-35 and CD-36 shows that, from 1946 to 1964, residents of the U.S. accounted for 74.4 per cent of the cumulative net capital inflow from all countries, 89.7 per cent of cumulative interest and dividends, and 80.4 per cent of cumulative increase in book value.

From 1946 to 1964 the cumulative net increase in book value of direct investment by residents of the United States was \$10,597 million. The increase was made up of a net capital inflow of \$5,184 million and other capital movements of \$1,479 million, which gave total net capital movements of \$6,663 million. Cumulative undistributed earnings and other factors contributed the remaining \$3,934 million.

During the same period, \$5,140 million was paid out in interest and dividends. This was \$1,523 million less than the cumulative net capital movements of \$6,663 million. Thus, the balance of payments benefitted by \$1,523 million.

The cumulative balance of payments effects have already been mentioned for three periods:- from 1946 to 1950, when annual effects were negative; from 1951 to 1962, when annual effects were positive; and for 1963 and 1964, when annual effects were negative.

At the end of 1945, the book value of U.S. direct investment in Canada was \$2,304 million. At the end of 1950, it was \$3,426 million. This increase of \$1,122 million was accompanied by an adverse balance of payments effect of \$555 million. In other words, U.S. direct investments increased by over \$1.1 billion while over \$0.5 billion were taken out.

At the end of 1962, the book value of U.S. direct investment was \$12,006 million. The increase of \$8,580 million over 1950 was accompanied by a net contribution to the Canadian balance of payments of \$2,541 million.

At the end of 1964, the book value was \$12,901 million. The increase of \$895 million over 1962 was accompanied by the withdrawal of \$463 million more than was brought in.

An attempt will now be made to estimate the direct effects on the Canadian balance of payments of U.S. direct investment in various industry groups, by relating net capital movements to payments of dividends. Data are available by industrial group for five years only. Data on interest and dividends are not available by industry group, but the difference caused by omitting interest is small, as will be seen shortly when Table XV-3 is discussed.

When the data for individual industrial groups are presented separately later in this chapter, each table will associate the effects

on the balance of payments with the annual percentage increase in the book value of U.S. direct investment in the field concerned.

In a number of specific instances, the results obtained from Canadian data differ markedly from similar results based on U.S. data, which are given in Chapters III and IV of the earlier memorandum, U.S. Direct Investment in Canada as Reported by U.S. Sources, 1946-1967. The biggest discrepancies arise in the data for individual industrial groups. It is intended to compare the statistics from Canadian and U.S. sources in a later study, so the question will not be referred to again in this document.

Table XV-2 shows, for five years from 1953 to 1964, net capital movements from the U.S. into seven industrial groups; the equivalent outward movements of dividends; and the difference. The differences shown for the total of the group are bigger than the contributions to the Canadian balance of payments shown in Table XV-1. This is because interest is omitted from the outgoing payments in Table XV-2. Table XV-3 illustrates this.

TABLE XV-2

DIFFERENCE BETWEEN ANNUAL NET CAPITAL MOVEMENTS FOR DIRECT INVESTMENT IN CANADA BY THE UNITED STATES AND DIVIDEND PAYMENTS TO THE UNITED STATES ON THIS DIRECT INVESTMENT, BY INDUSTRIAL GROUP, SELECTED YEARS 1953-1964

(millions of dollars)

Industrial group	1953	1958	1960	1962	1964
<u>Total</u>					
Net capital movements	354	486	538	445	122
Dividend payments	183	293	272	345	479
Difference	171	193	266	100	-357
<u>Petroleum and natural gas</u>					
Net capital movements	185	248	148	155	23
Dividend payments	18	38	52	72	79
Difference	167	210	96	86	-56
<u>Other mining and smelting</u>					
Net capital movements	104	126	220	127	76
Dividend payments	29	69	41	53	108
Difference	75	57	179	74	-32
<u>Manufacturing</u>					
Net capital movements	46	78	72	23	-8
Dividend payments	110	141	142	181	248
Difference	-64	-63	-70	-158	-256
<u>Merchandising</u>					
Net capital movements	5	-2	-4	34	-18
Dividend payments	..	21	8	15	13
Difference	..	-23	-12	19	-31
<u>Financing</u>					
Net capital movements	18	35	95	102	31
Dividend payments	..	12	14	13	9
Difference	..	23	81	89	22
<u>Utilities</u>					
Net capital movements	-5	1	-2	7	19
Dividend payments	6	3	6	4	5
Difference	-11	-2	-8	3	14
<u>Other Enterprises</u>					
Net capital movements	1	-	9	-3	-1
Dividend payments	..	9	9	7	18
Difference	..	-9	-	-10	-19

.. Not available

Source: Table CD-24.

TABLE XV-3

COMPARISON OF CONTRIBUTION TO CANADIAN BALANCE OF PAYMENTS AS SHOWN IN TABLES XV-1 AND XV-2

(millions of dollars)

Year	Contribution to Canadian balance of payments		
	Table XV-1	Table XV-2	Difference (imputed interest) (2) - (1)
	(1)	(2)	(3)
1953	157	171	14
1958	183	193	10
1960	258	266	8
1962	93	100	7
1964	-363	-357	6

The tables for individual industrial groups which follow relate to Table XV-2 rather than to Table XV-1.

Table XV-4 below gives the effects on the balance of payments for the petroleum and natural gas industries.

TABLE XV-4

EFFECT ON CANADIAN BALANCE OF PAYMENTS OF TRANSACTIONS RELATED TO U.S. DIRECT INVESTMENT IN THE CANADIAN PETROLEUM AND NATURAL GAS INDUSTRIES, SELECTED YEARS FROM 1953 TO 1964

Year	Net capital movements from the U.S.	Dividend payments to the U.S.	Contribution to the Canadian balance of payments (1) - (2)	Annual growth in U.S. direct investment
	(millions of dollars)	(millions of dollars)	(million of dollars)	(per cent)
	(1)	(2)	(3)	(4)
1953	185	18	167	..
1958	248	38	210	9.2
1960	148	52	96	1.7
1962	155	72	83	7.1
1964	23	79	-56	0.2

.. Not available

1/ Change in the nature of the series may have made this figure unreliable.

In the petroleum and natural gas industries, as Table XV-4 shows, net capital movements from the U.S. were larger than dividend payments to that country in four out of the five years for which data are available. The contribution to the balance of payments was lower in the early sixties, and was negative by 1964. Reliable data on the annual growth of U.S. direct investment in the industry are available for only three of the five years selected. They

show positive contributions with growth rates of 9.2 and 7.1 per cent, and a drain on the balance with a growth rate of 0.2 per cent. Since 1958, net capital movements have fallen from \$248 million to \$23 million in 1964. Over the same period, dividend payments rose from \$38 million to \$79 million, as the earlier investment became productive.

TABLE XV-5

EFFECT ON CANADIAN BALANCE OF PAYMENTS OF TRANSACTIONS RELATED TO U.S.
DIRECT INVESTMENT IN THE CANADIAN MINING AND SMELTING INDUSTRIES,
SELECTED YEARS FROM 1953 TO 1964

Year	Net capital movements from the U.S. (millions of dollars)	Dividend payments to the U.S. (millions of dollars)	Contribution to Canadian balance of payments (1) - (2) (millions of dollars)	Annual rate of growth of U.S. direct investment (per cent)
				(1)
				(2)
1953	104	29	75	..
1958	126	69	57	6.1
1960	220	41	179	17.6
1962	127	53	74	9.9
1964	76	108	-32	6.5

.. Not available

Table XV-5 shows that in the mining and smelting industries, net capital movements from the U.S. fluctuated, and were larger than dividend payments to that country in four of the years observed. The contribution to the balance of payments fluctuated widely when positive, and there was a net drain in 1964. The net drain was caused, partly because net capital movements were substantially lower than in the other years observed, and partly because dividend payments were greater, as the earlier investment became productive.

TABLE XV-6

EFFECT ON CANADIAN BALANCE OF PAYMENTS OF TRANSACTIONS RELATED TO U.S.
DIRECT INVESTMENT IN THE CANADIAN MANUFACTURING INDUSTRIES,
SELECTED YEARS FROM 1953 TO 1964

Year	Net capital movements from the U.S.	Dividend payments to the U.S.	Contribution to Canadian balance of payments (1) - (2)	Rate of growth of U.S. direct investment
	(millions of dollars)	(millions of dollars)	(millions of dollars)	(per cent)
	(1)	(2)	(3)	(4)
1953	46	110	-64	9.9
1958	78	141	-63	6.0
1960	72	142	-70	6.1
1962	23	181	-158	3.7
1964	-8	248	-256	6.0

Table XV-6 shows that in the manufacturing industries, in each of the five years for which data are available, dividend payments to the U.S. exceeded net capital movements from the U.S. There was thus a drain on the balance of payments in each year. After 1958, the adverse effect on the balance of payments became larger in each successive biennial period, increasing from an adverse balance of \$63 million in 1958 to an adverse balance of \$256 million in 1964. Net capital movements into manufacturing were not large on any of the observed dates, and they decreased from 1958 on, until there was a net withdrawal of capital in 1964. Over the same period, dividend payments increased steadily. The figures do not indicate any substantial slackening in the growth of U.S. direct investment in manufacturing while the inward capital movements declined.

TABLE XV-7

EFFECT ON CANADIAN BALANCE OF PAYMENTS OF TRANSACTIONS RELATED TO U.S.
DIRECT INVESTMENT IN THE CANADIAN MERCHANDISING INDUSTRIES,
SELECTED YEARS FROM 1953 TO 1964

Year	Net capital movements	Dividend payments to the U.S.	Contribution to Canadian balance of payments (1) - (2)	Rate of Growth of U.S. direct investment
	(millions of dollars)	(millions of dollars)	(millions of dollars)	(per cent)
	(1)	(2)	(3)	(4)
1953	5	..	..	9.8
1958	-2	21	-23	8.3
1960	-4	8	-12	-0.8
1962	34	15	19	8.6
1964	-18	13	-31	6.1

.. Not available

In the merchandising industries, as Table XV-7 shows, net capital movements fluctuated between an inflow of \$34 million and an outflow of \$18 million. Dividend payments also fluctuated, with some downward trend. The balance of payments effect was negative in three of the four years for which data are available. One negative effect was accompanied by a decrease in the total of direct investment, but the other two were accompanied by annual increases of 6.1 per cent or more.

TABLE XV-8

EFFECT ON CANADIAN BALANCE OF PAYMENTS OF TRANSACTIONS RELATED TO U.S.
DIRECT INVESTMENT IN THE CANADIAN FINANCIAL INDUSTRIES,
SELECTED YEARS FROM 1953 TO 1964

Year	Net capital movements from the U.S. (millions of dollars)	Dividend payments to the U.S. (millions of dollars)	Contribution to Canadian balance of payments (1) - (2) (millions of dollars)	Rate of growth of U.S. direct investment
				(per cent)
				(4)
1953	18	..	..	20.8
1958	35	12	23	4.3
1960	95	14	81	13.7
1962	102	13	89	9.9
1964	31	9	22	-26.0 ^{1/}

.. Not available

^{1/} Change in statistical series makes this figure a doubtful indicator.

In the financial industries, as Table XV-8 shows, net capital movements from the U.S. were larger than dividend payments going to that country in the four years for which data are available. As a result there was a positive contribution to the balance of payments each year. Net capital movements rose from \$18 million in 1953 to \$102 million in 1962, then fell back to \$31 million by 1964. Dividend payments were slightly lower in 1964 at \$9 million than in 1958 at \$12 million.

TABLE XV-9

EFFECT ON CANADIAN BALANCE OF PAYMENTS OF TRANSACTIONS RELATED TO U.S.
DIRECT INVESTMENT IN THE CANADIAN UTILITIES INDUSTRIES,
SELECTED YEARS FROM 1953 TO 1964

Year	Net capital movements from the U.S. (millions of dollars)	Dividend payments to the U.S. (millions of dollars)	Contribution to Canadian balance of payments (1) - (2) (millions of dollars)	Rate of growth of U.S. direct investment
				(per cent)
				(4)
1953	-5	6	-11	8.4
1958	1	3	-2	0.5
1960	-2	6	-8	3.2
1962	7	4	3	4.4
1964	19	5	14	10.4

In the utilities industries net capital movements were small, as Table XV-9 shows. They ranged from an inflow of \$19 million to an outflow of \$5 million. Dividends were relatively small, between \$3 million and \$6 million. The contribution to the balance of payments varied largely in line with fluctuations in net capital movements, and was negative in three of the years for which data are available. The rate of growth of U.S. direct investment fluctuated, and did not appear to be particularly closely related to the effect on the balance of payments.

TABLE XV-10

EFFECT ON CANADIAN BALANCE OF PAYMENTS OF TRANSACTIONS RELATED TO U.S.
DIRECT INVESTMENT IN OTHER CANADIAN ENTERPRISES,
SELECTED YEARS FROM 1953 TO 1964

Year	Net capital movements to the U.S. (millions of dollars)	Dividend payments to the U.S. (millions of dollars)	Contribution to Canadian balance of payments (1) - (2) (millions of dollars)	Rate of growth of U.S. direct investment
				(per cent)
				(4)
1953	1	..	..	13.0
1958	-	9	-9	7.5
1960	9	9	0	3.9
1962	-3	7	-10	7.2
1964	-1	18	-19	9.5

Data for other enterprises are given in Table XV-10. Net capital movements from the U.S. were small and ranged from an inflow of \$9 million to an outflow of \$3 million. Dividend payments was equal to or larger than net capital movements, ranging between \$7 million and \$18 million. The

contribution to the balance of payments was thus zero or negative in the four years for which data are available. This occurred although the rate of growth of direct investment was substantial in most years.

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ANNEX A

FOREIGN DIRECT INVESTMENT IN CANADA SINCE THE SECOND WORLD WARINTRODUCTION

All data in these tables have been taken from publications of the Dominion Bureau of Statistics. A full statement of the sources used is appended to each main table.

The main statistical tables are numbered in accordance with a general system used in reports by this Division. Each of them is identified by a reference which consists of the letters CD and one or two figures. The letters CD indicate that the series deal with foreign investment in Canada and that the statistical sources are Canadian.

Some of the main tables are followed by subsidiary tables which are based on them. These are identified by the reference number of the appropriate main table with a letter added at the end.

For most of the series, published material was available from 1946 on. The exceptions were series on book value of total investment in foreign-controlled enterprises, which began in 1955; series on non-resident control as a percentage of the manufacturing industries and of selected industrial groups, which began in 1954 and 1955 respectively; series on dividend payments other than those to the United States, which began in 1958; series on dividend payments by industry and product, which began in 1958; and series on annual net capital inflow from controlling interests in the United States, which began in 1952.

At the end of December, 1969, the latest dates at which figures were available ranged from 1963 to 1968. For the major series, which were those on book value of investment, the latest available figures were for 1965. Other major series available to 1965 were interest and dividend payments; estimated interest payments; and dividend payments.

Data on book value of total investment in foreign-controlled enterprises were available to 1963, as were data on non-resident control as a percentage of industry groups and of manufacturing industries. Estimated earnings were available up to 1964, as were dividend payments by industry and product groups.

Annual net capital inflow was available up to 1968. Annual net capital inflow from controlling interests in the United States was available up to 1964, by industrial groups. Net capital inflow by country of control was available up to 1967. Annual net capital movements from controlling interests and other investors in the United States were available to 1964.

TABLE CD-1

BOOK VALUE OF LONG-TERM INVESTMENT IN CANADA BY FOREIGNERS,
YEAR ENDS 1946-1965

Year	Long-term investment							
	Total		Direct investment		Portfolio investment		Miscellaneous investment	
	(millions of dollars)	(per cent of total)						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1946	7,178	100.0	2,826	39.4	4,070	56.7	282	3.9
1947	7,188	100.0	2,986	41.5	3,912	54.4	290	4.0
1948	7,506	100.0	3,270	43.6	3,938	52.5	298	4.0
1949	7,960	100.0	3,586	45.1	4,072	51.2	302	3.8
1950	8,661	100.0	3,975	45.9	4,366	50.4	320	3.7
1951	9,477	100.0	4,520	47.7	4,629	48.8	328	3.5
1952	10,385	100.0	5,218	50.2	4,720	45.5	447 1/	4.3
1953	11,461	100.0	6,003	52.4	4,991	43.5	467 1/	4.1
1954	12,544	100.0	6,764	53.9	5,219	41.6	561	4.5
1955	13,473	100.0	7,728	57.4	5,104	37.9	641	4.8
1956	15,569	100.0	8,868	57.0	5,883	37.8	818	5.3
1957	17,464	100.0	10,129	58.0	6,456	37.0	879	5.0
1958	19,010	100.0	10,880	57.2	7,067	37.2	1,063 1/	5.6
1959	20,857	100.0	11,906	57.1	7,666	36.8	1,285	6.2
1960	22,214	100.0	12,872	57.9	7,914	35.6	1,428	6.4
1961	23,606	100.0	13,737	58.2	8,173	34.6	1,696	7.2
1962	24,889	100.0	14,660	58.9	8,476	34.1	1,753	7.0
1963	26,134	100.0	15,434	59.1	8,929	34.2	1,771	6.8
1964	27,367	100.0	15,889 1/	58.1	9,441	34.5	2,037	7.4
1965	29,507	100.0	17,208	58.3	10,128	34.3	2,171	7.4

1/ New series not strictly comparable with other years.

Source: 1946-1949 Canada's International Investment Position, 1926-1954, DBS, Ottawa, February 1956, Table IV, page 74.

- 1950 The Canadian Balance of International Payments, 1955 and International Investment Position, DBS, Ottawa, 1956, Table VIII, page 44.
- 1951 The Canadian Balance of International Payments, 1959 and International Investment Position, DBS, Ottawa, October 1960, Table VIII, page 66.
- 1952 The Canadian Balance of International Payments, 1956 and International Investment Position, DBS, Ottawa, 1957, Table VIII, page 48.
- 1953 The Canadian Balance of International Payments, 1957 and International Investment Position, DBS, Ottawa, 1958, Table VIII, page 46.
- 1954 The Canadian Balance of International Payments, 1958 and International Investment Position, DBS, Ottawa, November 1959, Table VIII, page 56.
- 1955 The Canadian Balance of International Payments, 1960 and International Investment Position, DBS, Ottawa, March 1962, Table VIII, page 76.
- 1956-1957 The Canadian Balance of International Payments, 1961 and 1962 and International Investment Position, DBS, Ottawa, August 1964, Table VIII, page 128.

1958-1963 The Canadian Balance of International Payments, 1963, 1964 and 1965, and International Investment Position, DBS, Ottawa, August 1967, Table VIII, page 120.

1964-1965 Quarterly Estimates of the Canadian Balance of International Payments, Third Quarter 1968, DBS, Ottawa, December 1968, Table VIII, page 22.

TABLE CD-2

BOOK VALUE OF DIRECT INVESTMENT IN CANADA BY THE UNITED STATES,
THE UNITED KINGDOM, AND OTHER COUNTRIES, YEAR ENDS 1946-1965

(millions of dollars)

Year	Country of ownership			
	Total	United States	United Kingdom	Other Countries
	(1)	(2)	(3)	(4)
1946	2,826	2,428	335	63
1947	2,986	2,548	372	66
1948	3,270	2,807	400	63
1949	3,586	3,095	428	63
1950	3,975	3,426	468	81
1951	4,520	3,896	497	127
1952	5,218	4,530	544	144
1953	6,003	5,206	612	185
1954	6,764	5,787	759	218
1955	7,728	6,513	890	325
1956	8,868	7,392	1,048	428
1957	10,129	8,472	1,163	494
1958	10,880	9,045	1,296	539
1959	11,906	9,912	1,384	610
1960	12,872	10,549	1,535	788
1961	13,737	11,284	1,613	840
1962	14,660	12,006	1,706	948
1963	15,434	12,754	1,737	943
1964	15,889 1/	12,901 1/	1,944 1/	1,044 1/
1965	17,208	13,940	2,013	1,255

1/ New series not strictly comparable with earlier years.

Source: 1946-1963 The Canadian Balance of International Payments, 1963, 1964 and 1965 and International Investment Position, DBS, Ottawa August 1967, Table XII, page 126.

1964-1965 Quarterly Estimates of the Canadian Balance of International Payments, Third Quarter 1968, DBS, Ottawa, December 1968, Table VIII, page 22.

Foreign Investment Division,
Office of Economics.

TABLE CD-2A

PERCENTAGE DISTRIBUTION OF BOOK VALUE OF DIRECT INVESTMENT IN
CANADA BY THE UNITED STATES, THE UNITED KINGDOM, AND OTHER COUNTRIES,
YEAR ENDS 1946-1965

(per cent)

Year	Country of ownership			
	Total	United States	United Kingdom	Other Countries
	(1)	(2)	(3)	(4)
1946	100.0	85.9	11.9	2.2
1947	100.0	85.3	12.5	2.2
1948	100.0	85.9	12.2	1.9
1949	100.0	86.3	11.9	1.8
1950	100.0	86.2	11.8	2.0
1951	100.0	86.2	11.0	2.8
1952	100.0	86.8	10.4	2.8
1953	100.0	86.7	10.2	3.1
1954	100.0	85.6	11.2	3.2
1955	100.0	84.3	11.5	4.2
1956	100.0	83.4	11.8	4.8
1957	100.0	83.6	11.5	4.9
1958	100.0	83.1	11.9	5.0
1959	100.0	83.3	11.6	5.1
1960	100.0	82.0	11.9	6.1
1961	100.0	82.2	11.7	6.1
1962	100.0	81.9	11.6	6.5
1963	100.0 ^{1/}	82.6 ^{1/}	11.3 ^{1/}	6.1 ^{1/}
1964	100.0 ^{1/}	81.2 ^{1/}	12.2 ^{1/}	6.6 ^{1/}
1965	100.0	81.0	11.7	7.3

^{1/} New series not strictly comparable with earlier years.

SOURCE: Table CD-2.

TABLE CD-3

BOOK VALUE OF DIRECT INVESTMENT IN CANADA BY COUNTRIES OTHER THAN THE
UNITED STATES AND THE UNITED KINGDOM, YEAR ENDS BIENNIALLY FROM 1955 TO 1965
(millions of dollars)

Year	Country of ownership excluding the U.S. and the U.K.										Other countries			
	Total	Australia	Sterling Area in Western Hemisphere	Other Sterling Area	Belgium and Luxembourg	Denmark	France	Germany	Netherlands	Sweden	Switzerland	Other OECD Europe	Panama	Other Latin American countries
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
1955	325	6	8	7	64	14	9	12	72	3	2	1	-	-
1957	494	6	10	139	92	56	23	19	92	4	5	3	-	-
1959	610	7	22	164	107	82	34	27	101	4	6	2	36	36
1961	840	7	22	197	9	143	102	34	128	5	10	1	25	25
1963	943	1	16	199	6	146	109	35	142	9	12	2	27	27
1965	1,255	-	49	220	13	177	135	35	189	16	..	-	51	51

- Nil or less than 0.5 million

.. Not available

Source: 1955-1963 The Canadian Balance of International Payments 1963, 1964 and 1965 and International Investment Position, DBS, Ottawa, August 1967, Statement 58, page 69.

1965 Quarterly Estimates of the Canadian Balance of International Payments, Third Quarter 1968, DBS, Ottawa, December 1968, page 17.

TABLE CD-4

BOOK VALUE OF DIRECT INVESTMENT IN CANADA,
BY INDUSTRIAL GROUP, YEAR ENDS 1946 - 1965

(millions of dollars)

Year	Industrial group							
	Total	Petro- leum and natural gas	Other mining and smelting	Manufac- turing	Merchan- dising	Finan- cial	Utilities	Other enter- prises
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1946	2,826		264	1,534	225	358	385	60
1947	2,986		272	1,680	247	356	367	64
1948	3,270		294	1,938	260	339	368	71
1949	3,586		349	2,146	281	336	397	77
1950	3,975		476	2,331	313	364	399	92
1951	4,520		627	2,619	372	378	412	112
1952	5,220		850	2,995	431	417	404	123
1953	6,003		1,129	3,320	471	506	436	141
1954	6,695		1,300	3,657	506	626	467	139
1955	7,728	1,754	811	3,434 ^{1/}	538	706	320 ^{3/}	165
1956	8,868	2,144	908	3,906	605	818	292	195
1957	10,129	2,559	1,044	4,376	621	1,026	286	217
1958	10,880	2,816	1,116	4,668	684	1,073	287	236
1959	11,906	3,082	1,223	5,011	761	1,289	282	258
1960	12,872	3,313	1,439	5,342	757	1,464	285	272
1961	13,737	3,534	1,549	5,589	804	1,660	289	312
1962	14,660	3,901	1,686	5,819	859	1,769	294	332
1963	15,434	4,119	1,758	6,182	883	1,867	299	326
1964	15,889 ^{2/}	4,201	1,915	6,545	967	1,596 ^{2/}	301	364
1965	17,208	4,530	2,018	7,185	1,057	1,685	306	427

^{1/} Petroleum refining has been excluded since 1955.^{2/} New series not strictly comparable with earlier years.^{3/} Since 1955 pipe lines are excluded.

Source: 1946-1954 Canada's International Investment Position 1926-1954,
DBS, Ottawa, February 1956, Table VI, page 80.

1955-1957 The Canadian Balance of Payments, 1960 and International Investment Position, DBS, Ottawa, March 1962, Table X, page 79.

1958-1964 The Canadian Balance of Payments 1963, 1964, and 1965 and International Investment Position, DBS, Ottawa, August 1967, Table X, page 123.

1965 Quarterly Estimates of the Canadian Balance of International Payments, Third Quarter 1968, DBS, Ottawa, December 1968, Table X, page 25.

Foreign Investment Division,
Office of Economics.

TABLE CD-4A

PERCENTAGE DISTRIBUTION OF BOOK VALUE OF DIRECT
INVESTMENT IN CANADA, BY INDUSTRIAL GROUP,
YEAR ENDS 1946-1965

(per cent)

Year	Total	Industrial group						Other enterprises
		Petro- leum and natural gas	Other mining and smelting	Manufac- turing	Merchan- dising	Finan- cial	Utilities	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1946	100.0		9.3	54.3	8.0	12.7	13.6	2.1
1947	100.0		9.1	56.3	8.3	11.9	12.3	2.1
1948	100.0		9.0	59.3	8.0	10.4	11.2	2.2
1949	100.0		9.7	59.8	7.8	9.4	11.1	2.1
1950	100.0		12.0	58.6	7.9	9.2	10.0	2.3
1951	100.0		13.9	57.9	8.2	8.4	9.1	2.5
1952	100.0		16.3	57.4	8.2	8.0	7.7	2.4
1953	100.0		18.8	55.3	7.8	8.4	7.3	2.3
1954	100.0		19.4	54.6	7.6	9.4	7.0	2.1
1955	100.0	22.7	10.5	44.4 ^{1/}	7.0	9.1	4.1 ^{3/}	2.1
1956	100.0	24.2	10.2	44.0	6.8	9.2	3.3	2.2
1957	100.0	25.3	10.3	43.2	6.1	10.1	2.8	2.1
1958	100.0	25.9	10.2	42.9	6.3	9.9	2.6	2.2
1959	100.0	25.9	10.3	42.1	6.4	10.8	2.4	2.2
1960	100.0	25.7	11.2	41.5	5.9	11.4	2.2	2.1
1961	100.0	25.7	11.3	40.7	5.8	12.1	2.1	2.3
1962	100.0	26.6	11.5	39.7	5.8	12.1	2.0	2.3
1963	100.0	26.7	11.4	40.0	5.7	12.1	1.9	2.1
1964	100.0 ^{2/}	26.4	12.0	41.2	6.1	10.0 ^{2/}	1.9	2.0
1965	100.0	26.3	11.7	41.8	6.1	9.8	1.8	2.5

Note: Totals may not add up because of rounding.

^{1/} Petroleum refining has been excluded since 1955.^{2/} New series not strictly comparable with earlier years.^{3/} Since 1955 pipe lines are excluded.

Source: Table CD-4.

TABLE CD-5

BOOK VALUE OF DIRECT INVESTMENT IN CANADIAN MANUFACTURING,
BY PRODUCT GROUP, YEAR ENDS 1946 - 1965
(millions of dollars)

Year	Total	Vegetable products	Animal products	Textiles	Wood and paper products	Iron and Products	Non-ferrous metals	Non-metallic minerals	Product group	
									(9)	(10)
1946	1,534	206	45	58	383	282	214	142	160	38
1947	1,680	223	50	64	418	318	230	158	176	43
1948	1,938	248	53	70	462	354	257	244	200	50
1949	2,146	250	61	70	529	387	280	294	218	57
1950	2,331	268	64	80	538	442	322	327	230	60
1951	2,619	291	66	86	564	467	375	445	257	68
1952	2,995	317	73	87	610	548	486	494	295	85
1953	3,320	353	77	85	682	617	541	557	317	91
1954	3,657	377	83	93	764	639	565	640	383	113
1955	3,434 ^{1/}	397	91	98	809	805 ^{2/}	624	122 ^{1/}	431	57
1956	3,906	441	91	105	874	978	728	143	480	66
1957	4,376	492	98	108	924	1,089	867	157	561	80
1958	4,668	521	105	115	945	1,205	926	174	595	82
1959	5,011	578	119	117	951	1,345	977	198	637	89
1960	5,342	637	122	118	1,033	1,441	983	240	671	97
1961	5,589	648	135	122	1,064	1,504	1,020	249	741	106
1962	5,819	691	140	124	1,098	1,584	1,022	265	780	115
1963	6,182	738	153	127	1,184	1,730	1,034	274	822	120
1964	6,545	738	160	129	1,289	1,776	1,013	267	1,043	130
1965	7,185	794	185	141	1,359	2,013	1,112	262	1,171	148

^{1/} Petroleum refining has been excluded since 1955

^{2/} New series not strictly comparable with earlier years

- Source: 1946-1954 Canada's International Investment Position 1926-1954, DBS, Ottawa, February 1956, Table VI, page 80.
- 1955-1957 The Canadian Balance of Payments, 1960 and International Investment Position, DBS, Ottawa, March 1962, Table X, page 79.
- 1958-1964 The Canadian Balance of Payments 1963, 1964 and 1965 and International Investment Position, DBS, Ottawa, August 1967, Table X, page 123.
- 1965 Quarterly Estimate of the Canadian Balance of International Payments, Third Quarter 1968, DBS, Ottawa, December 1968, Table X, page 25.

TABLE CD-5A

PERCENTAGE DISTRIBUTION OF BOOK VALUE OF DIRECT INVESTMENT IN CANADIAN MANUFACTURING/
BY PRODUCT GROUP, YEAR ENDS 1946-1965
(per cent)

Year	Total	Vegetable products	Animal products	Textiles	Wood and paper products	Iron and products	Non-ferrous metals	Non-metallic minerals	Chemicals and allied products	Miscellaneous manufactures
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1946	100.0	13.4	2.9	3.8	25.0	18.8	14.0	9.2	10.4	2.5
1947	100.0	13.3	3.0	3.8	24.9	18.9	13.7	9.4	10.5	2.6
1948	100.0	12.8	2.7	3.6	23.8	18.3	13.3	12.6	10.3	2.6
1949	100.0	11.6	2.8	3.3	24.6	18.0	13.0	13.7	10.2	2.6
1950	100.0	11.5	2.7	3.4	23.1	19.0	13.8	14.0	9.9	2.6
1951	100.0	11.1	2.5	3.3	21.5	17.8	14.3	17.0	9.8	2.6
1952	100.0	10.6	2.4	2.9	20.4	18.3	16.2	16.5	9.8	2.8
1953	100.0	10.6	2.3	2.6	20.5	18.6	16.3	16.8	9.5	2.7
1954	100.0	10.3	2.3	2.5	20.9	17.5	15.4	17.5	10.5	3.1
1955	100.0 ¹	11.6	2.6	2.8	23.6	23.4 ² /	18.2	3.6 ¹ /	12.6	1.6
1956	100.0	11.3	2.3	2.7	22.4	25.0	18.6	3.7	12.3	1.7
1957	100.0	11.2	2.2	2.5	21.1	24.9	19.8	3.6	12.8	1.8
1958	100.0	11.2	2.2	2.5	20.2	25.8	19.8	3.7	12.7	1.8
1959	100.0	11.5	2.4	2.3	19.0	26.8	19.5	4.0	12.7	1.8
1960	100.0	11.9	2.3	2.2	19.3	27.0	18.4	4.5	12.6	1.8
1961	100.0	11.6	2.4	2.2	19.0	26.9	18.2	4.4	13.2	1.9
1962	100.0	11.9	2.4	2.1	18.9	27.2	17.6	4.6	13.4	2.0
1963	100.0	11.9	2.5	2.0	19.2	28.0	16.7	4.4	13.3	1.9
1964	100.0	11.3	2.4	2.0	19.7	27.1	15.5	4.1	15.9	2.0
1965	100.0	11.0	2.6	2.0	18.9	28.0	15.5	3.6	16.3	2.0

¹/ Petroleum refining has been excluded since 1955.

²/ New series not strictly comparable with earlier years.

Source: Table CD-5

TABLE CD-6

BOOK VALUE OF DIRECT INVESTMENT IN CANADA BY THE UNITED STATES,
BY INDUSTRIAL GROUP, YEAR ENDS 1946-1965

(millions of dollars)

Year	Industrial group							
	Total	Petro-leum and natural gas	Other mining and smelting	Manufacturing	Merchandising	Financial	Utilities	Other enterprises
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1946	2,428	245		1,366	165	232	366	54
1947	2,548	254		1,493	175	222	345	59
1948	2,807	275		1,729	183	208	347	65
1949	3,095	331		1,880	199	241	375	69
1950	3,426	453		2,024	219	267	379	84
1951	3,896	603		2,290	259	253	392	99
1952	4,532	825		2,622	306	289	382	108
1953	5,206	1,103		2,882	336	349	414	122
1954	5,740	1,264		3,133 ^{2/}	354	427	447	115
1955	6,513	1,637	781	2,835 ^{2/}	377	475	270 ^{3/}	138
1956	7,392	1,978	857	3,195	428	551	223	160
1957	8,472	2,380	971	3,590	423	719	215	174
1958	9,045	2,598	1,030	3,806	458	750	216	187
1959	9,912	2,836	1,146	4,097	505	904	217	207
1960	10,549	2,885 ^{1/}	1,348	4,348	501	1,028	224	215
1961	11,284	3,060	1,451	4,603	520	1,171	228	251
1962	12,006	3,277	1,595	4,775	565	1,287	238	269
1963	12,754 ^{1/}	3,464	1,666	5,132	586	1,394 ^{1/}	250	262
1964	12,901 ^{1/}	3,472	1,774	5,439	622	1,031 ^{1/}	276	287
1965	13,940	3,600	1,875	6,098	695	1,041	286	345

1/ New series not strictly comparable with earlier figures.2/ Since 1955 petroleum refining has been excluded.3/ Pipe lines have been excluded since 1955.

Source: 1946-1954 Canada's International Investment Position 1926-1954, DBS, Ottawa, February 1956, Table V1.B, page 80.

1955-1959 The Canadian Balance of Payments, 1960 and International Investment Position, DBS, Ottawa, March 1962, Table X.B, page 79.

1960-1964 The Canadian Balance of Payments 1963, 1964 and 1965 and International Investment Position, DBS, Ottawa, August 1967, Table X.B, page 123.

1965 Quarterly Estimates of the Canadian Balance of International Payments, Third Quarter 1968, DBS, Ottawa, December 1968, Table X, page 25.

Foreign Investment Division,
Office of Economics.

TABLE CD-6A

PERCENTAGE DISTRIBUTION OF BOOK VALUE OF DIRECT
INVESTMENT IN CANADA BY THE UNITED STATES,
BY INDUSTRIAL GROUP, YEAR ENDS 1946-1965

(per cent)

Year	Industrial group							
	Total	Petroleum and natural gas	Other mining and smelting	Manufac- turing	Merchan- dising	Finan- cial	Util- ties	Other enter- prises
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1946	100.0		10.1	56.3	6.8	9.6	15.1	2.2
1947	100.0		10.1	58.6	6.9	8.7	13.5	2.3
1948	100.0		9.8	61.6	6.5	7.4	12.4	2.3
1949	100.0		10.7	60.7	6.4	7.8	12.1	2.2
1950	100.0		13.2	59.1	6.4	7.8	11.1	2.4
1951	100.0		15.5	58.8	6.6	6.5	10.1	2.5
1952	100.0		18.2	57.8	6.8	6.4	8.4	2.4
1953	100.0		21.2	55.4	6.4	6.7	8.0	2.3
1954	100.0		22.0	54.6	6.2	7.4	7.8	2.0
1955	100.0	25.1	12.0	43.5 ^{2/}	5.8	7.3	4.1 ^{3/}	2.1
1956	100.0	26.8	11.6	43.2	5.8	7.4	3.0	2.2
1957	100.0	28.1	11.5	42.4	5.0	8.5	2.5	2.1
1958	100.0	28.7	11.4	42.1	5.1	8.3	2.4	2.1
1959	100.0	28.6	11.6	41.3	5.1	9.1	2.2	2.1
1960	100.0	27.3 ^{1/}	12.8	41.2	4.7	9.7	2.1	2.0
1961	100.0	27.1	12.8	40.8	4.6	10.4	2.0	2.2
1962	100.0	27.3	13.3	39.8	4.7	10.7	2.0	2.2
1963	100.0	27.2	13.1	40.2	4.6	10.9	2.0	2.0
1964	100.0 ^{1/}	26.9	13.8	42.2	4.8	8.0 ^{1/}	2.1	2.2
1965	100.0	25.8	13.4	43.7	5.0	7.5	2.1	2.5

Note: Totals may not add up because of rounding.

^{1/} New series not strictly comparable with earlier figures.^{2/} Since 1955 petroleum refining has been excluded.^{3/} Pipe lines have been excluded since 1955.

Source: Table CD-6

TABLE CD-7

BOOK VALUE OF DIRECT INVESTMENT IN CANADIAN MANUFACTURING BY THE
UNITED STATES, BY PRODUCT GROUP, YEAR ENDS 1946 - 1965

(millions of dollars)

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Year	Product group						Chemicals and allied products	Miscellaneous manufactures	
	Total	Vegetable products	Animal products	Textiles	Wood and paper products	Iron and products			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1946	1,366	146	42	29	350	283	208	138	134
1947	1,493	155	46	32	383	312	225	152	41
1948	1,729	179	49	35	427	346	250	229	47
1949	1,880	182	55	38	441	378	270	279	52
1950	2,024	193	58	42	446	420	311	307	53
1951	2,290	214	60	46	454	451	362	428	56
1952	2,622	232	66	46	499	528	473	469	59
1953	2,882	263	70	43	560	591	519	505	65
1954	3,133	281	74	47	642	607	539	586	77
1955	2,835	302	83	53	684	706 ^{1/}	585	79	291
1956	3,195	339	83	58	753	816	663	91	331
1957	3,590	375	89	62	798	896	789	101	75
1958	3,806	403	95	63	819	961	845	110	434
1959	4,097	442	108	68	822	1,095	892	127	460
1960	4,348	488	111	72	886	1,198	890	134	478
1961	4,603	504	125	78	939	1,248	931	140	538
1962	4,775	539	129	82	950	1,326	939	136	565
1963	5,132	583	141	87	1,029	1,479	949	145	605
1964	5,439	576	148	89	1,078	1,538	923	152	810
1965	6,098	627	171	97	1,164	1,769	1,021	160	947

^{1/} New series not strictly comparable with earlier figures.

(Source on next page)

Source:	1946-1954	Canada's International Investment Position 1926-1954, DBS, Ottawa, February 1956, Table VI.B, page 80.
	1955-1959	The Canadian Balance of Payments 1960, and International Investment Position, DBS, Ottawa, March 1962, Table X.B, page 79.
	1960-1964	The Canadian Balance of Payments 1963, 1964 and 1965 and International Investment Position, DBS, Ottawa, August 1967, Table X.B, page 123.
	1965	Quarterly Estimates of the Canadian Balance of International Payments Third Quarter 1968, DBS, Ottawa, December 1968, Table X, page 25.

TABLE CD-8

BOOK VALUE OF DIRECT INVESTMENT IN CANADA BY THE UNITED KINGDOM, BY INDUSTRIAL GROUP, YEAR ENDS 1946 - 1965

(millions of dollars)

Year	Industrial group							
	Total	Petro-leum and natural gas	Other mining and smelting	Manufacturing	Merchandising	Financial	Utilities	Other enterprises
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1946	335		19	155	55	85	16	5
1947	372		18	173	67	92	18	4
1948	400		19	193	70	95	18	5
1949	428		17	250	76	61	17	7
1950	468		19	288	84	54	16	7
1951	497		19	307	98	48	16	9
1952	544		18	345	107	47	16	11
1953	612		17	382	117	65	16	15
1954	735		20	457	130	94	15	19
1955	890	23	26	537	139	109	332/	23
1956	1,048	56	48	611	151	115	39	28
1957	1,163	64	68	663	167	131	37	33
1958	1,296	90	77	716	191	142	41	39
1959	1,384	116	68	732	219	168	40	41
1960	1,535	208 ^{1/}	66	768	208	198	40	47
1961	1,613	234	62	755	231	246	38	47
1962	1,706	298	67	790	236	234	38	43
1963	1,737	323	63	807	244	222	33	45
1964	1,944	390	104	845	268	265	14	58
1965	2,013	470	100	836	275	261	13	58

1/ New series not strictly comparable with earlier figures.

2/ Pipe lines have been excluded since 1955.

Source: 1946-1954 Canada's International Investment Position 1926-1954, DBS, Ottawa, February 1956, Table VI.C, page 81.

1955-1959 The Canadian Balance of Payments, 1960 and International Investment Position, DBS, Ottawa, March 1962, Table X.C., page 79.

1960-1964 The Canadian Balance of Payments 1963, 1964 and 1965 and International Investment Position, DBS, Ottawa, August 1967, Table X.C., page 123.

1965 Quarterly Estimates of the Canadian Balance of International Payments, Third Quarter 1968, DBS, Ottawa, December 1968, Table X, page 25.

Foreign Investment Division,
Office of Economics.

TABLE CD-8A

PERCENTAGE DISTRIBUTION OF BOOK VALUE OF DIRECT INVESTMENT
IN CANADA BY THE UNITED KINGDOM, BY INDUSTRIAL GROUP,
YEAR ENDS 1946-1965

(per cent)

Year	Industrial group							
	Total	Petro-leum and natural gas	Other mining and smelting	Manufacturing	Merchandising	Financial	Utilities	Other enterprises
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
1946	100.0	5.7		46.3	16.4	25.4	4.8	1.5
1947	100.0	4.8		46.5	18.0	24.7	4.8	1.1
1948	100.0	4.8		48.2	17.5	23.8	4.5	1.2
1949	100.0	4.0		58.4	17.8	14.2	4.0	1.6
1950	100.0	4.0		61.5	17.9	11.5	3.4	1.5
1951	100.0	3.8		61.8	19.7	9.6	3.2	1.8
1952	100.0	3.3		63.4	19.7	8.6	2.9	2.0
1953	100.0	2.8		62.4	19.1	10.6	2.6	2.4
1954	100.0	2.7		62.2	17.7	12.8	2.0	2.6
1955	100.0	2.6	2.9	60.3	15.6	12.2	3.7 ² /	2.6
1956	100.0	5.3	4.6	58.3	14.4	11.0	3.7	2.7
1957	100.0	5.5	5.8	57.0	14.4	11.3	3.2	2.8
1958	100.0	6.9	5.9	55.2	14.7	11.0	3.2	3.0
1959	100.0	8.4	4.9	52.9	15.8	12.1	2.9	3.0
1960	100.0	13.6 ¹ /	4.3	50.0	13.6	12.9	2.6	3.1
1961	100.0	14.5	3.8	46.8	14.3	15.2	2.4	2.9
1962	100.0	17.5	3.9	46.3	13.8	13.7	2.2	2.5
1963	100.0	18.6	3.6	46.4	14.0	12.8	1.9	2.6
1964	100.0	20.1	5.3	43.5	13.8	13.6	0.7	3.0
1965	100.0	23.3	5.0	41.5	13.7	13.0	0.6	2.9

¹/ New series not strictly comparable with earlier figures.²/ Pipe lines have been excluded since 1955.

Source: Table CD-8

TABLE CD-9

BOOK VALUE OF DIRECT INVESTMENT IN CANADIAN MANUFACTURING
BY THE UNITED KINGDOM, BY PRODUCT GROUP, YEAR ENDS 1946-1965
(millions of dollars)

Year	Total	Vegetable products	Animal products	Textiles	Product group				(9)
					Wood and paper products	Iron and products	Non-ferrous metals	Non-metallic minerals	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(10)	(10)
1946	155	60	2	27	31	4	6	4	19
1947	173	68	3	30	33	5	5	6	21
1948	193	69	2	33	32	7	7	15	25
1949	250	68	3	30	88	7	8	15	5
1950	288	74	3	36	92	20	9	19	7
1951	307	74	3	38	109	14	10	17	12
1952	345	82	3	39	111	15	8	10	26
1953	382	86	3	41	121	21	15	25	42
1954	457	92	4	44	121	23	19	26	36
1955	537	91	4	45	124	871/	27	26	41/
1956	611	95	4	47	120	134	49	23	135
1957	663	110	5	46	125	147	61	26	139
1958	716	108	5	51	125	186	63	30	143
1959	732	117	6	49	127	180	64	34	150
1960	768	124	6	45	138	185	65	38	162
1961	755	123	6	43	115	191	65	37	170
1962	790	129	6	41	133	190	60	49	177
1963	807	146	7	39	133	190	62	49	176
1964	845	152	6	39	192	185	59	31	177
1965	836	147	8	42	184	185	58	25	182

1/ New series not strictly comparable with earlier figures.

(Source on next page)

Source:	1946-1954	<u>Canada's International Investment Position 1926-1954</u> , DBS, Ottawa, February 1956, Table VI,C, page 81
	1955-1959	<u>The Canadian Balance of Payments, 1960 and International Investment Position</u> , DBS, Ottawa, March 1962, Table X.C, page 79.
	1960-1964	<u>The Canadian Balance of Payments 1963, 1964 and 1965 and International Investment Position</u> , DBS, Ottawa, August 1967, Table X.C, page 123.
	1965	<u>Quarterly Estimates of the Canadian Balance of International Payments, Third Quarter 1968</u> , DBS, Ottawa, December 1968, Table X, page 25.

TABLE CD-10

BOOK VALUE OF DIRECT INVESTMENT IN CANADA BY COUNTRIES OTHER THAN THE UNITED STATES AND THE UNITED KINGDOM, BY INDUSTRIAL GROUP,
YEAR ENDS 1946-1965

(millions of dollars)

Year	Industrial group							
	Total	Petroleum and Natural Gas	Other mining and smelting	Manufac- turing	Merchan- dising	Finan- cial	Utilities	Other enter- prises
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1946	63	-		13	5	41	3	1
1947	66	-		14	5	42	4	1
1948	63	-		16	7	36	3	1
1949	63	1		16	6	34	5	1
1950	81	4		19	10	43	4	1
1951	127	5		22	15	77	4	4
1952	144	7		28	18	81	6	4
1953	185	9		56	18	92	6	4
1954	220	16		67	22	105	5	5
1955	325	94	4	62	22	122	17	4
1956	428	110	3	100	26	152	30	7
1957	494	115	5	123	31	176	34	10
1958	539	128	9	146	35	181	30	10
1959	610	130	9	182	37	217	25	10
1960	788	220	1/	25 1/	226	48	238	21
1961	840	240	36	231	53	243	23	14
1962	948	326	24	254	58	248	18	20
1963	943	332	29	243	53	251	16	19
1964	1,044	339	37	261	77	300	11	19
1965	1,255	460	43	251	87	383	7	24

- Nil or less than 0.5 million dollars.

1/ New series not strictly comparable with earlier figures.

Source: 1946 - 1954 Canada's International Investment Position 1926-1954, DBS, Ottawa, February 1956, Table VI.D, page 81.

1955 - 1959 The Canadian Balance of Payments, 1960 and International Investment Position, DBS, Ottawa. March 1962, Table X.D, page 79.

1960 - 1964 The Canadian Balance of Payments, 1963, 1964 and 1965 and International Investment Position, DBS, Ottawa, August 1967, Table X.D, page 123.

1965 Quarterly Estimates of the Canadian Balance of International Payments, Third Quarter 1968, December 1968, Table X, page 25.

TABLE CD-11

BOOK VALUE OF DIRECT INVESTMENT IN CANADIAN MANUFACTURING BY
COUNTRIES OTHER THAN THE UNITED STATES AND THE UNITED KINGDOM, BY PRODUCT GROUP,
YEAR ENDS 1946-1965
(millions of dollars)

Year	Total	Vegetable products	Animal products	Textiles	Wood and paper products	Iron and products	Non-ferrous metals	Non-metallic minerals	Product group	
									(1)	(2)
									(3)	(4)
									(5)	(6)
									(7)	(8)
									(9)	(10)
1946	13	-	-	1	2	2	1	-	-	7
1947	14	-	-	1	2	2	1	-	-	8
1948	16	-	-	2	2	3	1	-	-	8
1949	16	-	-	3	2	-	2	2	-	7
1950	19	1	3	2	-	1	2	2	1	8
1951	22	3	3	2	1	1	2	3	-	8
1952	28	3	4	2	-	1	5	5	-	9
1953	56	4	4	1	1	1	5	7	25	25
1954	67	4	5	2	1	1	9	7	28	11
1955	62 ¹⁷	4	4	-	1	1	12	12	17	11
1956	100	7	4	-	1	1	28	16	29	14
1957	123	7	4	-	1	1	46	17	30	17
1958	146	10	5	1	1	1	58	18	34	18
1959	182	19	5	-	1	2	70	21	37	27
1960	226	25	5	1	1	9	58	28	68	31
1961	231	21	4	1	1	10	65	24	72	33
1962	254	23	5	1	1	15	68	23	80	38
1963	243	9	5	1	1	22	61	23	80	41
1964	261	10	6	1	1	19	53	31	84	56
1965	251	20	6	2	11	59	33	77	42	1

- Nil or less than 0.5 million dollars
1/ New series not strictly comparable with earlier figures

Source: 1946-1954

Canada's International Investment Position 1926-1954, DBS, Ottawa, February 1956, Table VI.D, page 81.

1955-1959

The Canadian Balance of Payments, 1960 and International Investment Position, DBS, Ottawa, March 1962, Table X.D, page 79.

1960-1964

The Canadian Balance of Payments 1963, 1964- and 1965 and International Investment Position, DBS, Ottawa, August 1967, Table X.D, page 123.

1965

Quarterly Estimate of the Canadian Balance of International Payments, Third Quarter 1968, DBS, Ottawa, December 1968, Table X, page 25.

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Foreign Investment Division,
Office of Economics.

TABLE CD-12

BOOK VALUE OF TOTAL INVESTMENT IN CANADIAN ENTERPRISES CONTROLLED
BY THE UNITED STATES, THE UNITED KINGDOM AND OTHER FOREIGN COUNTRIES,
YEAR ENDS BIENNIAILY FROM 1955 TO 1965

(millions of dollars)

Year	Country of control			
	All foreign countries	United States	United Kingdom	Other foreign countries
	(1)	(2)	(3)	(4)
1955	..	..	..	431
1957	..	..	..	642
1959	..	..	..	860
1961	..	..	..	1,187
1963	20,231	15,956	2,876	1,399
1965	22,918	17,393	3,618	1,907

.. Not available

Source: 1955 - 1961 The Canadian Balance of International Payments 1963, 1964 and 1965 and International Investment Position, DBS, Ottawa, August 1967, Statement 59, page 70.

1963 - 1965 Quarterly Estimates of the Canadian Balance of International Payments, Third Quarter 1968, December 1968, page 17.

TABLE CD-13

BOOK VALUE OF TOTAL INVESTMENT IN CANADIAN ENTERPRISES CONTROLLED BY FOREIGN COUNTRIES
OTHER THAN THE UNITED STATES AND THE UNITED KINGDOM, YEAR ENDS BIENNIALLY FROM 1955 TO 1965
(millions of dollars)

Year	Country of control excluding the U.S. and the U.K.										Other 1/ countries				
	Total	Australia	Sterling Area in Western Hemisphere	Other Sterling Area	Belgium & Luxembourg	Denmark	France	Germany	Nether-lands	Sweden	Switzer-land	Other OECD Europe	Panama	Other Latin American countries	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
1955	4,311	11	..	8	140	7	101	16	11	15	86	3	3	1	29
1957	6,422	6	7	10	174	8	156	66	26	21	111	4	6	3	44
1959	8,607	7	16	31	224	9	178	112	36	33	152	5	6	2	49
1961	1,187	7	27	30	308	9	247	126	1502/	69	163	6	13	1	29
1963	1,399	..	28	38	310	9	297	138	266	69	185	11	..	16	32
1965	1,907	..	62	60	366	13	367	198	417	73	256	22	..	32	41

.. Not available.
1/ Includes mainly foreign-controlled investments whose beneficial ownership has not been identified by country.
2/ New series not strictly comparable with earlier years.

Source: 1955-1961 The Canadian Balance of International Payments 1963, 1964 and 1965 and International Investment Position,
DBS, Ottawa, August 1967, Statement 59, page 70.

1963-1965 Quarterly Estimates of the Canadian Balance of International Payments, Third Quarter 1968, DBS, Ottawa,
December 1968, page 17.

TABLE CD..14

ESTIMATED BOOK VALUE OF TOTAL INVESTMENT IN CANADIAN ENTERPRISES
CONTROLLED BY NON-RESIDENTS, BY SELECTED INDUSTRIAL GROUPS,
YEAR ENDS 1955-1963

(billions of dollars)

Year	Total ^{1/}	Industrial group					
		Petroleum and natural gas	Other mining and smelting	Manufacturing	Merchandising	Railways	Other utilities
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
1955	9.3	2.3	1.2	4.6	0.6	0.1	0.4
1956	10.5	2.8	1.4	5.2	0.6	0.1	0.4
1957	12.2	3.4	1.7	5.9	0.7	0.1	0.4
1958	13.1	3.8	1.8	6.3	0.7	0.1	0.4
1959	14.0	4.1	1.9	6.7	0.8	0.1	0.5
1960	15.2	4.4	2.0	7.2	1.0	0.1	0.5
1961	15.7	4.7	2.0	7.5	1.1	0.1	0.5
1962	16.7	5.1	2.1	7.8	1.1	0.1	0.5
1963	17.6	5.4	2.3	8.2	1.1	0.1	0.5

1/ Because of rounding totals do not necessarily equal the sum of their component parts.

Source: The Canadian Balance of International Payments 1963, 1964 and 1965 and International Investment Position, DBS, Ottawa August 1967, Table XVI, page 129.

TABLE CD-15

ESTIMATED BOOK VALUE OF TOTAL INVESTMENT IN CANADIAN ENTERPRISES
CONTROLLED BY THE UNITED STATES, BY SELECTED INDUSTRIAL GROUPS,
YEAR ENDS 1955-1963

(billions of dollars)

Year	Industrial group						
	Total ^{1/}	Petro- leum and natural gas	Other mining and smelting	Manufac- turing	Merchan- dising	Rail- ways	Other utilities
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1955	7.9	2.2	1.1	3.7	0.4	0.1	0.4
1956	8.8	2.6	1.3	4.1	0.5	0.1	0.3
1957	10.0	3.1	1.5	4.6	0.5	0.1	0.3
1958	10.7	3.5	1.5	4.8	0.5	0.1	0.3
1959	11.5	3.7	1.6	5.1	0.6	0.1	0.4
1960	12.0	3.9 ^{2/}	1.7	5.4	0.6	0.1	0.4
1961	12.6	4.0	1.8	5.7	0.6	0.1	0.4
1962	13.2	4.3	1.9	5.9	0.6	0.1	0.4
1963	14.0	4.6	2.0	6.3	0.7	0.1	0.4

1/ Because of rounding totals do not necessarily equal the sum of their component parts.

2/ New series not strictly comparable with earlier years.

Source: The Canadian Balance of International Payments 1963, 1964 and 1965 and International Investment Position, DBS, Ottawa, August 1967, Table XVI, page 129.

TABLE CD-16

PERCENTAGE OF CAPITAL EMPLOYED IN SELECTED CANADIAN INDUSTRIAL GROUPS
WHICH WAS CONTROLLED BY NON-RESIDENTS,
YEAR ENDS 1954 - 1963

(per cent)

Year	Industrial group					
	All groups shown in Table CD-14 (Total of columns (2) to (6) and merchandising)	Petroleum and natural gas	Mining and smelting	Manufac- turing	Rail- ways	Other utilities
(1)	(2)	(3)	(4)	(5)	(6)	
1954	28	69	51	51	2	8
1955	30	79	57	52	2	8
1956	31	80	58	52	2	6
1957	32	76	61	56	2	5
1958	32	73	60	57	2	5
1959	32	73	61	57	2	5
1960	33	73	61	59	2	5
1961	33	72	59	59	2	5
1962	34	74	58	60	2	4
1963	34	74	59	60	2	4

Source: The Canadian Balance of International Payments 1963, 1964 and 1965
and International Investment Position, DBS, Ottawa, August 1967,
Table XIV, page 127.

Foreign Investment Division,
Office of Economics.

TABLE CD-17

PERCENTAGE OF CAPITAL EMPLOYED IN CANADIAN MANUFACTURING INDUSTRIES WHICH WAS
CONTROLLED BY NON-RESIDENTS, YEAR ENDS 1954-1963
(per cent)

Industry	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963
Beverages	20	14	13	13	14	13	15	14	14	17
Rubber	93	98	97	97	98	98	99	98	98	97
Textiles	18	18	19	19	20	23	22	23	22	20
Pulp and paper	56	54	54	55	49	51	46	46	47	47
Agricultural machinery ^{2/}	35	33	34	38	45	55	51	50	53	50
Automobiles and parts	95	96	95	95	97	97	97	95	95	97
Transportation equipment n.o.p.	36	55	62	67	70	73	73	70	76	78
Primary iron and steel	6	8	7	26	25	23	23	25	25	21
Iron and steel mills	..	..	..	..	..	..	..	..	..	..
Electrical apparatus	77	82	77	77	79	81	80	78	77	77
Chemicals	75	77	75	75	74	77	76	78	78	78
Other manufacturing ^{2/}	52	53	52	52	56	57	57	59	60	60
Total manufacturing ^{2/}	51	52	52	52	56	57	57	59	60	60

.. Not available

^{1/} New series not strictly comparable with other years.

^{2/} Includes "other enterprises".

^{2/} Includes enterprises also engaged in the manufacture of other heavy equipment which tends to overstate foreign-owned and controlled proportion of capital actually engaged in the manufacture of agricultural implements only.

(Source on next page)

Source: 1954

- The Canadian Balance of International Payments, 1958 and International Investment Position, DBS, Ottawa,
November 1959, Table XV, page 63.
- 1955-1956 The Canadian Balance of International Payments, 1959 and International Investment Position, DBS, Ottawa,
October 1960, Table XV, page 73.
- 1957-1958 The Canadian Balance of International Payments, 1960 and International Investment Position, DBS, Ottawa,
March 1962, Table XV, page 83.
- 1959-1960 The Canadian Balance of International Payments, 1961 and 1962 and International Investment Position, DBS,
Ottawa, August 1964, Table XV, page 135.
- 1961-1963 The Canadian Balance of International Payments, 1963, 1964 and 1965 and International Investment Position,
DBS, Ottawa, August 1967, Table XV, page 128.

TABLE CD-18

ESTIMATED EARNINGS FROM DIRECT INVESTMENT IN CANADA
ACCRUING TO COUNTRIES OF CONTROL, 1946 - 196⁴

(millions of dollars)

Year	Earnings			
	Total	Remitted income	Allowance for withholding taxes	Increase in undistributed earnings
	(1)	(2)	(3)	(4)
1946	279	147	12	120
1947	323	183	15	125
1948	348	174	14	160
1949	407	233	19	155
1950	484	309	25	150
1951	485	272	23	190
1952	556	239	22	295
1953	544	217	22	305
1954	532	230	22	280
1955	635	274	26	335
1956	736	310	26	400
1957	789	340	24	425
1958	597	339	23	235
1959	739	365	24	350
1960	626	318	28	280
1961	693	396	57	240
1962	755	398	52	305
1963	886	424	52	410
1964	1,075	562	58	455

Source: The Canadian Balance of International Payments, A Compendium of Statistics from 1946 to 1965, DBS, March 1967, Table 5.14, page 174.

TABLE CD-18 A

PERCENTAGE DISTRIBUTION OF ESTIMATED EARNINGS FROM DIRECT INVESTMENT
IN CANADA ACCRUING TO COUNTRIES OF CONTROL, 1946 - 1964

(per cent)

Year	Earnings			
	Total	Remitted income	Allowance for withholding taxes	Increase in undistributed earnings
(1)	(2)	(3)	(4)	
1946	100.0	52.7	4.3	43.0
1947	100.0	56.7	4.6	38.7
1948	100.0	50.0	4.0	46.0
1949	100.0	57.2	4.7	38.1
1950	100.0	63.8	5.2	31.0
1951	100.0	56.1	4.7	39.2
1952	100.0	43.0	4.0	53.0
1953	100.0	39.9	4.0	56.1
1954	100.0	43.2	4.1	52.6
1955	100.0	43.1	4.1	52.8
1956	100.0	42.1	3.5	54.3
1957	100.0	43.1	3.0	53.9
1958	100.0	56.8	3.8	39.4
1959	100.0	49.4	3.2	47.4
1960	100.0	50.8	4.5	44.7
1961	100.0	57.1	8.2	34.6
1962	100.0	52.7	6.9	40.4
1963	100.0	47.8	5.9	46.3
1964	100.0	52.3	5.4	42.3

Source: Derived from Table CD-18

Foreign Investment Division,
Office of Economics.

TABLE CD-19

INTEREST AND DIVIDEND PAYMENTS ON DIRECT INVESTMENT

IN CANADA, 1946 - 1965

(millions of dollars)

Year	Payments abroad to			
	All countries	United States	United Kingdom	Other countries
	(1)	(2)	(3)	(4)
1946	147	134	11	2
1947	183	170	11	2
1948	174	162	10	2
1949	233	216	14	3
1950	309	292	15	2
1951	272	258	12	2
1952	239	214	20	5
1953	217	197	17	3
1954	230	205	22	3
1955	274	243	28	3
1956	310	280	28	2
1957	340	307	26	7
1958	339	303	26	10
1959	365	320	38	7
1960	318	280	32	6
1961	396	350	35	11
1962	398	352	38	8
1963	424	372	36	16
1964	562	485	58	19
1965	581	516	43	22

Source: 1946-1964 The Canadian Balance of International Payments, A Compendium of Statistics from 1946 to 1965, DBS, Ottawa, March 1967, Table 5.06, pages 164 and 165.

1965 The Canadian Balance of International Payments 1963, 1964 and 1965 and International Investment Position, DBS, Ottawa, August 1967, Statement 9, page 17.

TABLE CD-20

ESTIMATED INTEREST PAYMENTS ON DIRECT INVESTMENT IN
 CANADA, SELECTED YEARS FROM 1958 TO 1965
 AND PARTIAL DATA FROM 1946
 (millions of dollars)

Year	Payments abroad to			
	All countries ^{1/}	United States	United Kingdom	Other countries
	(1)	(2)	(3)	(4)
1946	..	14	..	..
1950	..	13	..	..
1953	..	14	..	..
1958	10	10	-	-
1960	8	8	-	1
1962	8	7	-	-
1963	7	7	-	-
1964	7	6	-	1
1965	7	6	-	1

- Nil or less than \$0.5 million.

.. Not available.

1/ Totals may not add up because of rounding.

Source: Derived from Tables CD-19 and CD-21.

TABLE CD-21

DIVIDEND PAYMENTS^{1/} ON DIRECT INVESTMENT IN CANADA,
 SELECTED YEARS FROM 1946 TO 1965
 AND PARTIAL DATA FROM 1946
 (millions of dollars)

Year	Payments abroad to			
	All countries	United States	United Kingdom	Other countries
(1)	(2)	(3)	(4)	
1946	..	120	..	..
1950	..	279	..	..
1953	..	183	..	..
1958	329	293	26	10
1960	310	272	32	5
1962	390	345	37	8
1963	417	365	36	16
1964	555	479	58	18
1965	574	510	43	21

.. Not available.

^{1/} Includes profit of unincorporated branches of foreign corporations.

Source: 1946-1960 The Canadian Balance of International Payments, A Compendium of Statistics from 1946 to 1965, DBS, Ottawa, March 1967, Table 5.13, pages 172 and 173.

1962-1965 The Canadian Balance of International Payments, 1963 1964 and 1965 and International Investment Position, DBS, Ottawa, August 1967, Statement 13, page 20.

TABLE CD-22

DIVIDEND PAYMENTS ^{1/} ON DIRECT INVESTMENT IN CANADA, BY INDUSTRIAL GROUP, BIENNIALLY FROM 1958 TO 1964

(millions of dollars)

Year	Industrial group							
	Total	Petroleum and natural gas	Mining and smelting	Manufac- turing	Merchan- dising	Finan- cial	Util- ties	Other enter- prises
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1958	329.2	38.4	69.5	160.7	26.7	15.9	8.4	9.6
1960	310.1	51.9	41.6	165.1	15.6	18.9	6.5	10.5
1962	390.4	71.7	52.6	210.2	22.7	19.7	5.8	7.7
1964	555.2	83.3	107.8	292.6	26.8	15.6	9.5	19.6

^{1/} Includes profit of unincorporated branches of foreign corporations.

Source: The Canadian Balance of International Payments, A Compendium of Statistics from 1946 to 1965, DBS, Ottawa, March 1967, Table 5.13, pages 172 and 173.

TABLE CD-23

DIVIDEND PAYMENTS^{1/} ON DIRECT INVESTMENT IN CANADIAN MANUFACTURING,
BY PRODUCT GROUP, BIENNIALLY FROM 1958 TO 1964

(millions of dollars)

Year	Total	Vegetable products	Animal products	Textiles	Wood and paper products	Iron and its products	Product group		Miscellaneous manufactures							
							(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1958	160.7	19.3	2.9	2.6	20.2	59.6										
1960	165.1	15.7	9.2	3.1	40.2	35.3										
1962	210.2	18.6	4.5	3.8	29.8	82.6										
1964	292.6	42.9	4.2	9.8	27.2	124.5										

^{1/} Includes profit of unincorporated branches of foreign corporations.

Source: The Canadian Balance of International Payments, A Compendium of Statistics from 1946 to 1965,
DBS, Ottawa, March 1967, Table 5.13, pages 172 and 173.

TABLE CD-24

**DIVIDEND PAYMENTS^{1/} TO THE UNITED STATES ON DIRECT INVESTMENT
IN CANADA, BY INDUSTRIAL GROUP, SELECTED YEARS FROM 1946 TO 1964**

(millions of dollars)

Year	Industrial group							
	Total	Petroleum and natural gas	Mining and smelting	Manufac- turing	Merchan- dising	Finan- cial	Utili- ties	Other enter- prises
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1946	120	10	23	71	8 <u>2</u> /		8	..
1950	279	11	44	193	25 <u>2</u> /		6	..
1953	183	18	29	110	19 <u>2</u> /		6	..
1958	293	38	69	141	21	12	3	9
1960	272	52	41	142	8	14	6	9
1962	345	72	53	181	15	13	4	7
1964	479	79	108	248	13	9	5	18

.. Not available.

1/ Includes profit of unincorporated branches of foreign corporations.

2/ "Other enterprises" are also included.

Source: The Canadian Balance of International Payments, A Compendium of Statistics from 1946 to 1965, DBS, Ottawa, March 1967,
Table 5.13, pages 172 and 173.

TABLE CD-25

DIVIDEND PAYMENTS^{1/} TO THE UNITED STATES ON DIRECT
INVESTMENT IN CANADIAN MANUFACTURING, BY PRODUCT GROUP,
SELECTED YEARS FROM 1946 TO 1964

(millions of dollars)

Year	Total	Product group							
		Vegetable products	Animal products	Textiles	Wood and paper products	Iron and its products	Non-ferrous metals	Non-metallic minerals	Chemicals and allied products	Miscellaneous manufactures
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1946	70.8	14.5	3.4	7.7	19.1	14.9	3.0	7.6	0.6
1950	192.5	27.1	3.3	32.6	63.5	29.1	10.8	19.9	6.2
1953	109.7	13.6	0.5	13.4	31.3	25.6	4.7	15.7	4.9
1958	141.0	14.6	2.8	1.6	15.0	57.7	21.1	4.2	4.2
1960	142.3	10.6	9.2	1.4	32.1	34.2	22.7	3.6	5.8
1962	181.0	11.2	4.4	2.1	23.7	81.3	19.7	7.0	2.7
1964	247.7	35.9	4.1	6.2	17.2	120.4	22.9	5.4	7.1

1/ Includes profit of unincorporated branches of foreign corporations.

Source: The Canadian Balance of International Payments, A Compendium of Statistics from 1946 to 1965,
DBS, Ottawa, March 1967, Table 5.13, pages 172 and 173, and Table 5.15, pages 174 and 175.

TABLE CD-26

**DIVIDEND PAYMENTS^{1/} TO THE UNITED KINGDOM ON DIRECT INVESTMENT
IN CANADA, BY INDUSTRIAL GROUP, BIENNIALLY FROM 1958 TO 1964**

(millions of dollars)

Year	Industrial group							
	Total	Petroleum and natural gas	Mining and smelting	Manufac- turing	Merchan- dising	Finan- cial	Util- ties	Other enter- prises
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1958	26.2	-	0.4	18.1	5.7	1.6	0.4	-
1960	32.4	-	0.6	20.6	6.9	2.4	0.7	1.2
1962	37.5	-	0.1	25.7	7.2	3.6	0.6	0.3
1964	57.9	-	-	38.1	11.3	3.8	3.3	1.4

- Nil or less than \$0.05 million.

1/ Includes profit of unincorporated branches of foreign corporations.

Source: The Canadian Balance of International Payments, A Compendium of Statistics from 1946 to 1965, DBS, Ottawa, March 1967, Table 5.13, pages 172 and 173.

TABLE CD-27

DIVIDEND PAYMENTS^{1/} TO THE UNITED KINGDOM ON DIRECT
INVESTMENT IN CANADIAN MANUFACTURING, BY PRODUCT GROUP,
BIENNIALLY FROM 1958 TO 1964

(millions of dollars)

Year	Total	Vegetable products	Animal products	Textiles	Wood and paper products	Iron and its products	Product group		Chemicals and allied products	Miscellaneous manufactures		
							(4)	(5)	(6)	(7)	(8)	(9)	(10)
(1)	(2)	(3)										
1958	18.1	4.5	0.1	1.0	5.2	1.8	0.1	0.2	5.2	-	-	
1960	20.6	4.8	-	1.7	8.1	1.0	0.1	0.2	4.7	-	-	
1962	25.7	6.0	0.1	1.7	6.1	1.3	0.2	0.2	10.1	8.5	0.1	
1964	38.1	6.7	0.1	3.6	10.0	1.9	1.1	6.1				

- Nil or less than \$0.05 million.

1/ Includes profit of unincorporated branches of foreign corporations.

Source: The Canadian Balance of International Payments, A Compendium of Statistics from 1946 to 1965,
DBS, Ottawa, March 1967, Table 5.13, pages 172 and 173.

TABLE CD-28

DIVIDEND PAYMENTS^{1/} TO COUNTRIES OTHER THAN THE UNITED STATES AND THE UNITED KINGDOM ON DIRECT INVESTMENT IN CANADA, BY INDUSTRIAL GROUP, BIENNIALLY FROM 1958 TO 1964

(millions of dollars)

Year	Industrial group							
	Total	Petroleum and natural gas	Mining and smelting	Manufac- turing	Merchan- dising	Finan- cial	Utili- ties	Other enter- prises
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1958	9.8	-	0.1	1.6	0.1	1.9	5.0	1.1
1960	5.4	-	0.2	2.2	0.6	2.3	0.1	-
1962	7.9	0.2	-	3.5	0.6	2.7	0.8	0.1
1964	18.4	4.7	0.1	6.8	2.5	3.2	1.0	0.1

- Nil or less than \$0.05 million.

1/ Includes profit of unincorporated branches of foreign corporations.

Source: The Canadian Balance of International Payments, A Compendium of Statistics from 1946 to 1965, DBS, Ottawa, March 1967, Table 5.13, pages 172 and 173.

TABLE CD-29

DIVIDEND PAYMENTS^{1/} TO COUNTRIES OTHER THAN THE UNITED STATES
AND THE UNITED KINGDOM ON DIRECT INVESTMENT IN CANADIAN
MANUFACTURING, BY PRODUCT GROUP, BIENNIALLY FROM 1958 TO 1964

(millions of dollars)

Year	Total	Product group						Miscellaneous manufacturers	
		Vegetable products	Animal products	Textiles	Wood and paper products	Iron and its products	Non-ferrous metals		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1958	1.6	0.2	-	-	-	0.1	0.1	-	1.2
1960	2.2	0.3	-	-	-	0.1	-	0.4	1.4
1962	3.5	1.4	-	-	-	-	0.1	0.6	1.4
1964	6.8	0.3	-	-	-	2.2	0.3	0.3	3.7

- Nil or less than \$0.05 million.

1/ Includes profit of unincorporated branches of foreign corporations.

Source: The Canadian Balance of International Payments, A Compendium of Statistics from 1946 to 1965,
DBS, Ottawa, March 1967, Table 5.13, pages 172 and 173.

TABLE CD-30

ANNUAL NET CAPITAL INFLOW FOR DIRECT INVESTMENT IN CANADA BY
CONTROLLING INTERESTS ABROAD, BY COUNTRY OF CONTROL, 1946-1967
AND TOTAL FOR 1968

A minus (-) indicates an outflow from Canada.

(millions of dollars)

Year	Country of control					
	All Countries	United States	United Kingdom	Rest of Sterling Area	Other OECD Europe	Other countries
(1)	(2)	(3)	(4)	(5)	(6)	
1946	40	38		2	-	-
1947	61	58		3	-	-
1948	71	61		10	-	-
1949	94	84		13	-3	-
1950	225	202		20	3	-
1951	320	276		34	10	-
1952	360	323	24	-1	12	2
1953	450	357	52	-	40	1
1954	425	305	85	-	35	-
1955	445	317	79	-2	50	1
1956	650	465	101	1	82	1
1957	545	403	73	4	63	2
1958	430	304	94	4	30	-2
1959	570	428	88	-1	55	-
1960	670	461	117	5	86	1
1961	560	366	125	9	57	3
1962	505	328	62	-4	111	8
1963	280	220	38	-11	37	-4
1964	270	188	55	4	27	-4
1965	535	421	46	3	66	-1
1966	790	718	-10	9	59	14
1967 (P)	691	575	12	21	64	19
1968 (P)	610	..	..	..	..	..

- Nil or less than \$0.5 million

.. Not available

(P) Preliminary estimate.

Source: 1946 - 1964 The Canadian Balance of International Payments A Compendium of Statistics from 1946 to 1965,
DBS, Ottawa, March 1967, Table 4-D1, page 115.

1965 Quarterly Estimates of the Canadian Balance of International Payments, Fourth Quarter 1967,
DBS, Ottawa, March 1968, Table 2, page 22.

1966 - 1968 Quarterly Estimates of the Canadian Balance of International Payments, Second Quarter 1969,
DBS, Ottawa, September 1969, pages 22 and 25.

TABLE CD-31

ANNUAL NET CAPITAL INFLOW FOR DIRECT INVESTMENT IN CANADA BY
 CONTROLLING INTERESTS IN THE UNITED STATES,
 BY INDUSTRIAL GROUP, 1952-1964

(millions of dollars)

Year	Industrial group									
	Total	Petroleum and natural gas	Mining	Pulp and Paper	Manufacturing	Utilities	Merchandising	Financial	Miscellaneous	
1952	323	177	95	7	48	-4	-	2	-2	
1953	357	171	106	-9	48	5	29	5	2	
1954	305	183	66	18	23	-2	6	16	-5	
1955	317	196	53	-9	34	2	18	18	5	
1956	465	232	54	39	99	1	12	21	7	
1957	403	237	56	33	51	1	11	7	7	
1958	304	201	73	-5	33	2	-5	2	3	
1959	428	170	106	-6	98	7	15	30	8	
1960	461	158	196	13	49	12	-11	33	11	
1961	366	106	110	10	83	-3	11	22	27	
1962	328	112	141	-16	28	13	34	17	-1	
1963	220	56	46	-4	97	-8	10	34	-11	
1964	188	60	11	-10	138	-5	-20	19	-5	

- Nil or less than \$0.5 million.

Source: The Canadian Balance of International Payments, A Compendium of Statistics from 1946 to 1965, DBS, Ottawa, March 1967,
 Table 6.1, pages 184 and 185.

TABLE CD-32

ANNUAL NET CAPITAL MOVEMENTS FOR DIRECT INVESTMENT IN CANADA BY
CONTROLLING INTERESTS AND OTHER INVESTORS IN THE UNITED STATES,
1946-1964

A minus (-) indicates an outflow from Canada.

(millions of dollars)

Year	Gross capital inflow	Gross capital outflow	Net capital inflow (Col.1-2)	Other capital movements ^{1/}	Net capital movements (Col.3-4)
	(1)	(2)	(3)	(4)	(5)
1946	63	-25	38	-43	-5
1947	66	-8	58	-35	23
1948	79	-18	61	20	81
1949	114	-30	84	17	101
1950	245	-43	202	17	219
1951	315	-39	276	34	310
1952	376	-53	323	135	458
1953	400	-43	357	-3	354
1954	370	-65	305	36	341
1955	443	-126	317	63	380
1956	572	-107	465	269	734
1957	593	-190	403	241	644
1958	445	-141	304	182	486
1959	613	-185	428	109	537
1960	650	-189	461	77	538
1961	604	-238	366	257	623
1962	637	-309	328	117	445
1963	493	-273	220	52	272
1964	649	-461	188	-66	122

^{1/} New issues, retirements, borrowing, investment abroad, etc. affecting the total value of investment in Canada by U.S. residents in U.S. controlled enterprises; also includes classification adjustments in respect of direct investment transactions representing significant investment in non-U.S. controlled enterprises.

Source: 1946 - 1964 The Canadian Balance of International Payments,
A Compendium of Statistics from 1946 to 1965,
DBS, Ottawa, March 1967, Table 6.1, pages 184 and 185.

TABLE CD-32A

ANNUAL NET CAPITAL MOVEMENTS FOR DIRECT INVESTMENT IN CANADA BY
 CONTROLLING INTERESTS AND OTHER INVESTORS IN THE
 UNITED STATES, BY INDUSTRIAL GROUP, 1952-1964

(millions of dollars)

Year	Total	Industrial Group							
		Petro-leum and natural gas	Other mining and smelting	Pulp and paper	Manufacturing	Merchandising	Financial	Utilities	Miscellaneous
1952	458	183	86	6	149	-	42	-4	-4
1953	354	185	104	-10	56	5	18	-5	1
1954	341	200	59	17	24	6	42	-3	-4
1955	380	213	24	-11	50	18	80	-	6
1956	734	362	67	39	100	13	147	-	6
1957	644	367	73	24	152	6	18	2	2
1958	486	248	126	-9	87	-2	35	1	-
1959	537	189	150	-7	110	13	76	-1	7
1960	538	148	220	32	40	-4	95	-2	9
1961	623	193	192	10	90	21	90	11	16
1962	445	155	127	7	16	34	102	7	-3
1963	272	100	31	-6	36	13	101	9	-12
1964	122	23	76	-10	2	-18	31	19	-1

Source: The Canadian Balance of International Payments-A Compendium of Statistics from 1946 to 1965, DBS, Ottawa, March 1967, pages 184 and 185.

TABLE CD-33

DIRECT INVESTMENT IN CANADA, ESTIMATED CONSTITUENTS
 IN CHANGE, 1946-1964
 AND PARTIALLY FOR 1965

A minus (-) indicates an outflow from Canada.

(millions of dollars)

Year	Net capital inflow	Increase in undistributed earnings	Other factors <u>1/</u>	Net increase in book value (cols. 1+2+3)	Book value at year end
	(1)	(2)	(3)	(4)	(5)
1946	40	120	-47	113	2,826
1947	61	125	-26	160	2,986
1948	71	160	53	284	3,270
1949	94	155	67	316	3,586
1950	225	150	14	389	3,975
1951	320	190	35	545	4,520
1952	360	295	43	698	5,220
1953	450	305	30	785	6,003
1954	425	280	56	761	6,695
1955	445	335	184	964	7,728
1956	650	400	90	1,140	8,868
1957	545	425	291	1,261	10,129
1958	430	235	86	751	10,880
1959	570	350	106	1,026	11,906
1960	670	280	16	966	12,872
1961	560	240	65	865	13,737
1962	505	305	113	923	14,660
1963	280	410	84	774	15,434
1964	270	455	-270	455	15,889 ^{2/}
1965	535	..	..	1,319	17,208

.. Not available

1/ New issues, retirements, borrowing, investment abroad, etc., affecting the total value of investment in Canada, and other factors including revaluations, reclassifications and similar accounting adjustments.

2/ New series not strictly comparable with earlier years.

Source: Col. 1 See Table CD-30.

Cols. 2, 3 and 4 The Canadian Balance of International Payments.
A compendium of Statistics from 1946 to 1965,
DBS, Ottawa, March 1967, Table 6.2, page 186.

Col. 5 See Table CD-2.

TABLE CD-34

DIRECT INVESTMENT IN CANADA BY THE UNITED STATES,
 ESTIMATED CONSTITUENTS IN CHANGE, 1946-1964
 AND PARTIALLY FOR 1965

A minus (-) indicates an outflow of capital from Canada.

(millions of dollars)

Year	Net capital inflow	Other capital movements ^{2/}	Net capital movements	Increase in undistributed earnings & other factors ^{4/}	Net increase in book value	Book value at year end
	(1)	(2)	(3)	(4)	(5)	(6)
1946	38	-43	-5	129	124	2,428
1947	58	-35	23	97	120	2,548
1948	61	20	81	178	259	2,807
1949	84	17	101	187	288	3,095
1950	202	17	219	112	331	3,426
1951	276	34	310	160	470	3,896
1952	323	135	458	176 ^{3/}	634	4,530
1953	357	-3	354	322	676	5,206
1954	305	36	341	240	581	5,787
1955	317	63	380	346 ^{3/}	726	6,513
1956	465	269	734	145 ^{3/}	879	7,392
1957	403	241	644	436	1,080	8,472
1958	304	182	486	87	573	9,045
1959	428	109	537	330	867	9,912
1960	461	77	538	99 ^{3/}	637	10,549
1961	366	257	623	112	735	11,284
1962	328	117	445	277	722	12,006
1963	220	52	272	476	748	12,754
1964	188	-66	122	25 ^{3/}	147	12,901 ^{1/}
1965	421	..	..	..	1,039	13,940

1/ New series not strictly comparable with earlier years.

2/ New issues, retirements, borrowing, investment abroad, etc. affecting the total value of investment in Canada by the United States residents in United States controlled enterprises; also includes classification adjustments in respect of direct investment transactions representing significant investment in non-United States controlled enterprises.

3/ This figure is affected by unusually large reclassifications between United States direct and other investments.

4/ Includes revaluations, reclassifications and similar accounting adjustments.

Source: Cols. 1, 2 and 3 See Table CD-32.

Col. 4

The Canadian Balance of International Payments,
 A Compendium of Statistics from 1946 to 1965,
 DBS, Ottawa, March 1967, Table 6.1, pages 184
 and 185.

Col. 5

Derived from Table CD-2.

Col. 6

See Table CD-2.

TABLE CD-35DIRECT INVESTMENT IN CANADA, SELECTED
CUMULATIVE SERIES, 1946-1968

(millions of dollars)

Year	Cumulative net capital inflow	Cumulative other factors ^{1/}	Cumulative increase in undistributed earnings	Cumulative net increase in book value	Cumulative dividends and interest paid abroad	Cumulative earnings
	(1)	(2)	(3)	(4)	(5)	(6)
1946	40	-47	120	113	147	279
1947	101	-73	245	273	330	602
1948	172	-20	405	557	504	950
1949	266	47	560	873	737	1,357
1950	491	61	710	1,262	1,046	1,841
1951	811	96	900	1,807	1,318	2,326
1952	1,171	139	1,195	2,505	1,557	2,882
1953	1,621	169	1,500	3,290	1,774	3,426
1954	2,046	225	1,780	4,051	2,004	3,958
1955	2,491	409	2,115	5,015	2,278	4,593
1956	3,141	499	2,515	6,155	2,588	5,329
1957	3,686	790	2,940	7,416	2,928	6,118
1958	4,116	876	3,175	8,167	3,267	6,715
1959	4,686	982	3,525	9,193	3,632	7,454
1960	5,356	998	3,805	10,159	3,950	8,080
1961	5,916	1,063	4,045	11,024	4,346	8,773
1962	6,421	1,176	4,350	11,947	4,744	9,528
1963	6,701	1,260	4,760	12,721	5,168	10,419
1964	6,971	990	5,215	13,176	5,730	11,489
1965	7,506	..	..	14,195	6,311	..
1966	8,296	..	..	..	..	..
1967	8,987	..	..	..	..	..
1968	9,597	..	..	..	..	..

.. Not available

^{1/} New issues, retirements, borrowing, investment abroad etc. affecting the total value of foreign direct investment in Canada, and other factors including revaluations, reclassifications and similar accounting adjustments.

Source: Cols. 1, 2, 3 and 4 Derived from Table CD-33.

Col. 5 Derived from Table CD-19.

Col. 6 Derived from Table CD-18.

TABLE CD-36

DIRECT INVESTMENT IN CANADA BY THE UNITED STATES,
SELECTED CUMULATIVE SERIES, 1946-1965

(millions of dollars)

Year	Cumulative net capital inflow	Cumulative other capital movements	Cumulative net capital movements	Cumulative increase in undistributed earnings ^{1/} and other factors	Cumulative net increase in book value	Cumulative dividends and interest paid abroad
	(1)	(2)	(3)	(4)	(5)	(6)
1946	38	-43	-5	129	124	134
1947	96	-78	18	226	244	304
1948	157	-58	99	404	503	466
1949	241	-41	200	591	791	682
1950	443	-24	419	703	1,122	974
1951	719	10	729	863	1,592	1,232
1952	1,042	145	1,187	1,039	2,226	1,446
1953	1,399	142	1,541	1,361	2,902	1,643
1954	1,704	178	1,882	1,601	3,483	1,848
1955	2,021	241	2,262	1,947	4,209	2,091
1956	2,486	510	2,996	2,092	5,088	2,371
1957	2,889	751	3,640	2,528	6,168	2,678
1958	3,193	933	4,126	2,615	6,741	2,981
1959	3,621	1,042	4,663	2,945	7,608	3,301
1960	4,082	1,119	5,201	3,044	8,245	3,581
1961	4,448	1,376	5,824	3,156	8,980	3,931
1962	4,776	1,493	6,269	3,433	9,702	4,283
1963	4,996	1,545	6,541	3,909	10,450	4,655
1964	5,184	1,479	6,663	3,934	10,597	5,140
1965	5,605	..	..	..	11,636	5,656

.. Not available

1/ Includes revaluations, reclassifications and similar accounting adjustments

Source: Derived from Tables CD-34 and CD-19.

Foreign Investment Division,
Office of Economics.

TABLE CD-37

BOOK VALUE OF DIRECT INVESTMENT IN CANADA AS A
PERCENTAGE OF GROSS NATIONAL PRODUCT, 1946-1965

Year	Book value of foreign direct investment	Gross national product	Direct investment as a per cent of gross national product
	\$ millions	\$ millions	per cent
	(1)	(2)	(3)
1946	2,826	11,885	23.8
1947	2,986	13,169	22.7
1948	3,270	15,127	21.6
1949	3,586	16,300	22.0
1950	3,975	17,955	22.1
1951	4,520	21,060	21.5
1952	5,218	24,042	21.7
1953	6,003	25,327	23.7
1954	6,764	25,233	26.8
1955	7,728	27,895	27.7
1956	8,868	31,374	28.3
1957	10,129	32,907	30.8
1958	10,880	34,094	31.9
1959	11,906	36,266	32.8
1960	12,872	37,775	34.1
1961	13,737	39,080	35.2
1962	14,660	42,353	34.6
1963	15,434	45,465	33.9
1964	15,889 ^{1/}	49,783	31.9
1965	17,208	54,897	31.3

1/ New series not strictly comparable with other years.

Source: National Income and Expenditure Accounts 1926-1968, DBS,
Ottawa, August 1969, pages 25-27.

Foreign Investment Division,
Office of Economics.

TABLE CD-38

INCOME PAYABLE ABROAD ON DIRECT INVESTMENT IN CANADA AND REMITTED INCOME AS A PERCENTAGE OF NET DOMESTIC PRODUCT AT FACTOR COST ^{1/2}, 1946-1965

Year	Income payable abroad	Remitted income	Net domestic product at factor cost	Income payable abroad as per cent of net domestic product at factor cost	Remitted income as per cent of net domestic product at factor cost
	\$ millions (1)	\$ millions (2)	\$ millions (3)	per cent (4)	per cent (5)
1946	279	147	9,793	2.9	1.5
1947	323	183	10,364	3.1	1.8
1948	348	174	12,258	2.8	1.4
1949	407	233	13,212	3.1	1.8
1950	484	309	14,545	3.3	2.1
1951	485	272	16,923	2.9	1.6
1952	556	239	18,922	2.9	1.3
1953	544	217	19,533	2.8	1.1
1954	532	230	19,308	2.8	1.2
1955	635	274	21,060	3.0	1.3
1956	736	310	23,547	3.1	1.3
1957	789	340	24,446	3.2	1.4
1958	597	339	25,455	2.4	1.3
1959	739	365	26,916	2.8	1.4
1960	626	318	27,913	2.2	1.1
1961	693	396	28,811	2.4	1.4
1962	755	398	31,245	2.4	1.3
1963	886	424	33,499	2.6	1.3
1964	1,075	562	36,075	3.0	1.6
1965	..	581	39,683	..	1.5

.. Not available.

- 1/ Net domestic product at factor cost is obtained by subtracting capital consumption allowances and miscellaneous valuation adjustments from gross domestic product.
- 2/ Revised figures for gross national product dating back to 1926 were recently published but no revised figures for gross domestic product have been issued. The figures for net domestic product in this table are thus not from the same series as those for gross national product in Table CD-37.

Source: Cols. 1 and 2 1946-1965

The Canadian Balance of International Payments,
A Compendium of Statistics from 1946 to 1965,
DBS, Ottawa, March 1967, pages 174 and 175.

Col. 3	1946-1954	Derived from National Accounts Income and Expenditures 1926-1956, DBS, Ottawa, 1958, pages 33 and 35.
	1955-1959	Derived from National Accounts Income and Expenditures 1962, DBS, Ottawa, August 1963, pages 26 and 27.
	1960	Derived from National Accounts Income and Expenditures 1966, DBS, Ottawa, June 1967, pages 18 and 19.
	1961-1966	Derived from National Accounts Income and Expenditures 1967, Ottawa, September 1968, pages 18 and 19.

TABLE CDE-39

PERCENTAGE OF CAPITAL
EMPLOYED IN CANADIAN MANUFACTURING INDUSTRIES
WHICH WAS CONTROLLED IN THE UNITED STATES,
YEAR ENDS, 1954-1963

(per cent)

Industry	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963
Beverages	14	13	12	13	12	13	14	13	13	17 ^{4/}
Rubber	84	88	88	90	90	90	90	91	90	90
Textiles	10	10	10	11	11	14	13	14	14	13
Pulp and paper	45	43	42	43	43	38 ^{4/}	38	35	34	35 ^{4/}
Agricultural machinery ^{2/}	35 ^{4/}	33 ^{4/}	34 ^{4/}	45 ^{4/}	45 ^{4/}	55 ^{4/}	49	48	51	50 ^{4/}
Automobiles and parts	95	96	95	95	95	97	96	97	95	97 ^{4/}
Transportation equipment n.o.p.	21	18	20	21	21	25	27	27	26	33
Primary iron and steel ^{1/}	6	8	7	8	8	9	14 ^{1/}	13	10 ^{1/}	21 ^{1/}
Iron and steel mills ^{1/}	..	..	..	..	..	..	..	..	..	..
Electrical apparatus	65	68	63	64	65	67	66	66	66	66
Chemicals	51	51	51	51	51	51	52	51	52	54
Other manufacturing ^{2/}	43	45	45	43	43	47	48	48	50	54
Total manufacturing ^{2/}	41	42	41	41	41	44	44	44	45	46

.. Not available

^{1/} New series not strictly comparable with earlier years.^{2/} Includes "other enterprises".

^{2/} Includes enterprises also engaged in the manufacture of other heavy equipment which tends to overstate foreign-owned and controlled proportion of capital actually engaged in the manufacture of agricultural implements only.

^{4/} Includes minor amounts attributable to United Kingdom and other countries; an offsetting adjustment has been made in other manufacturing.

(Source on next page.)

Source: 1954	<u>The Canadian Balance of International Payments 1958 and International Investment Position</u> , DBS, Ottawa, November 1959, Table XV, page 63.
1955-1956	<u>The Canadian Balance of International Payments, 1959 and International Investment Position</u> , DBS, Ottawa, October 1960, Table XV, page 73.
1957-1958	<u>The Canadian Balance of International Payments, 1960 and International Investment Position</u> , DBS, Ottawa, March 1962, Table XV, page 83.
1959-1960	<u>The Canadian Balance of International Payments, 1961 and 1962 and International Investment Position</u> , DBS, Ottawa, August 1964, Table XV, page 135.
1961-1963	<u>The Canadian Balance of International Payments 1963, 1964 and 1965 and International Investment Position</u> , DBS, Ottawa, August 1967, Table XV, page 128.



